

JPRS-WER-84-022

29 February 1984

West Europe Report

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BASQUE BUSINESS LEADER OLARRA ON TERRORISM

Madrid EL ALCAZAR in Spanish 15 Jan 84 p 11

/Text/ "The attacks made by the GAL /Anti-Terrorist Liberation Group/ are a response--which I believe is still a mild one--to terrorism. Terrorism and its still meager support from the citizenry in the Basque Country is going to be done away with, because there are groups in our society which have realized that enough is enough," stated businessman Luis Olarra, president of the Vizcaya Business Confederation, in various statements he made to EFE in Bilbao, where he emphatically criticized those businessmen "who are financing terrorism by means of the revolutionary tax."

"The /development of/ GAL," Olarra adds, "is a complex thing. I believe there could be sectors in society, and not only here, who have realized that 'enough is enough,' who cannot continue passively living with their backs turned to that sore on society."

As regards the possible make-up of the GAL terrorist group, Olarra states that "there could be a combination of different elements. I do get the impression," he says, "that it is going to work, that it is no joke."

The businessman repeatedly asserts that he has never paid the "revolutionary tax," "among other reasons because no one has ever asked me for anything of the kind," and he explains, without any reservations, that "if an attack should take place against me personally or against my family, a lot of other attacks are going to follow..."

When asked whether it is true that he has contracts with gangsters from the Marseilles or Corsican mafia to take action against the ETA /Basque Fatherland and Liberty Group/ in case he or some member of his family is attacked, he answers: "No problem there. I do not hide it, I have said so many times, and everyone knows it. That is the way it is, it cannot be any other way."

"Also," he adds, "You have to realize this--there are no two ways about it. In this crazy situation we have created gradations: this one is an action commando, this one is a freed prisoner, that one an information operative, that other one a supporter...leave us alone, because they are all equally terrorists."

He adds, irritated, that when "someone is preparing information so they can plant some 'plastic-2' near you, he is the same as the one who places it or the one who supports those actions by shouting in the street, at least I lump them all together..."

Eradicate Violence

On hearing statements that in a nation of laws, a democratic nation where the laws should prevail, there are other methods of dialogue, or in any case legal ones, to eradicate violence, he answers energetically and categorically that "terrorism can only be fought effectively with the same weapons and methods that it itself uses, all the others are so much nonsense."

Luis Olarra is convinced that "you can spend a lot of money for self-protection, and at any given time for liquidating terrorists, but what is absolutely unjustifiable is that there are businessmen who are financing terrorism." "I respect and understand that there are people who because of their condition of life, because of their family, age, health or temperament are not up to that struggle, and go away. What I absolutely cannot accept is that someone can pretend to be part of the ruling class in any field, live better, have plenty of resources, and be able to go out to dinner, to the beaches and to travel around freely because of the possible protection which the payment of that 'revolutionary tax' affords him."

In a concerned but firm way, he states that what he says "upsets the businessmen who pay the so-called 'revolutionary tax' which allows them to continue existing and living like the ruling class; but if it bothers them, let them be upset. I will keep on saying the same thing: they are the ones who are financing terrorism, a fact that I cannot understand, tolerate, or allow."

After declaring that "there are many businessmen who are financing terrorism by way of the 'tax,' he says that the people ought to be shocked that this is going on. How can the government tolerate the fact that there are businessmen who are paying the ETA and circulating freely?"

"A person who would finance terrorism is a person who should be taken off the street, and have no justifications of fear or anything else are acceptable, because it is a despicable thing that the murders of so many people are being financed in that way."

Ollarra predicts that the coming elections in the Basque Provinces "are not going to change the climate of violence to any great extent. I do

not expect too much, since there was the first time when someone carried out violence; then there was someone who supported it, and later people who have even derived benefits from that violence."

"But in the end," he points out, "this is dangerous, because that same violence can be turned against those who have tried to reap political benefits from it, making them see their mistake in thinking they were the cushion which would ward it off."

8131

CSO: 3548/170

CP CHAIRMAN JENSEN COMMENTS ON PARTY'S POOR ELECTION RESULTS

Copenhagen LAND OG FOLK in Danish 14-15 Jan 84 pp 9-10

[Interview of Danish CP Chairman Jorgen Jensen by Erik Andersen: "Election Fiasco and Election Campaign Results"]

[Text] The small number of votes gleaned by the communist at the polls shows how few people considered the Danish Communist Party a parliamentary possibility in the campaign against Schluter.

"It ought to encourage us to discuss how we can better delineate ourselves as a party," said party chairman Jorgen Jense.

At the same time, he stressed that last Tuesday's election had not changed anything on the political front. What he saw ahead was campaigning out among the people, which would be the political determining factor.

"This is how we will insure opposition to the income policy. Such things are not accomplished just by having seats in parliament," said Jorgen Jensen, with reference to the Socialist People's Party's 21 Folke-ting members, among other things.

"But the best thing would be to have influence in both places," added the Danish Communist Party's chairman in the course of a conversation with LAND OG FOLK concerning the party's poor election results, which we print below.

A Paradox

"We do have to realize, that when it comes to election results, this was a very bad election for the communists," Jorgen Jensen said. "But an election is more than just that," he added.

"Of course the main thing is to get votes. But an election campaign is also effective in influencing political development. And I do think we have contributed to that."

[Question] Then why did the party get such an incredibly low number of votes?

[Answer] We were in a rather difficult position at the time of the election. Paradoxically enough, it was because our policies had won over the sympathies of the other leftist parties. Our slogan about not beating Schluter alone, but the entire cut-back policy, was prominent.

And our position on the nuclear missiles and demands for de-escalation were the central factor in achieving such broad support for the peace movement.

[Question] Shouldn't that give you the wind at your back?

[Answer] It does, but what ends up happening is that people no longer see these things as communist policies. When hundreds of workplaces made statements expressing their opposition to Schluter, and when such large-scale results were achieved in the peace movement, the common conception came to be that it was a decisive and downright parliamentary thing to insure an opposition to Schluter.

There were even individuals in our own party who asked whether we should participate in this election at all.

And if you concentrate on the parliamentary possibilities we could get out of the whole thing, you realize that we were doing badly beforehand, since the opinion polls weren't in our favor, not even a little bit.

A Factor in Halting the Victory of the Bourgeois

[Question] You mean to say that the party carried out an active and well-planned electoral campaign?

[Answer] Absolutely. And the electoral campaign showed the signs of our having participated as a communist party. We set our seal on it.

This wasn't achieved only by our heavy activity, but also by means of our slogans and our policies. This is how we became one of the factors in stopping this world-wide bourgeois victory which had paved the way for Schluter.

[Question] But isn't that illogical? If the policies of the Danish Communist Party have won over people's sympathy, why did so few vote for the party?

[Answer] It is illogical. But we were not alone in making the political demands that we did, at the time of the election. We persisted in working to get our policies disseminated to the working population. And we did achieve sympathy for our policies. They became the policies of the entire leftist wing.

It was precisely that occurrence which obscured the fact that it was communist policy to demand that North Sea Oil be nationalized, that work hours should be brought down to 35 hours a week. That was a demand which was also taken up by the labor union leaders, but which was originally made by the Communist Party.

[Question] But how come we ended up losing votes, after all this?

[Answer] I think that there were three factors which had that effect in this election.

The first one was the fear of losing parliamentary seats. Many people noticed that the Socialist Left Party was on the verge of being backed out of the Folketing--so they voted to keep it in.

I am also certain that many of our potential voters voted Social Democratic, or for the Socialist People's Party, because they thought that we didn't have enough of a chance to insure the opposition to Schluter that they wanted.

The second factor is that there are plenty of people who agree with our criticism of the capitalistic system in Denmark, and who also agree with many of our concrete proposals. But at the same time they are unsure as to whether it would be realistic to go through with them in the current situation.

The Main Role of the Party

[Question] So that is it?

[Answer] That is what we think, absolutely. I know well that there are many who have considered it necessary to favor the policies of the reformists, in order to insure unity in the campaign against Schluter.

But it is important to hold fast to teachings which are correct, for many reasons, but particularly to get these ideas to take hold in the working class. And to oppose the reformists' goal of class cooperation.

The third factor, as I see it, involves the Danish Communist Party's relationship to the nations where socialism has already been achieved, which the media and the politicians have been so busy slinging mud about. Maybe this is why we, too, are so prone only to discuss the problematic elements in this relationship. But we have good reason to emphasize the significance of the Soviet Union and the socialist world, both for the peace movement and, for that matter, for the working class in Denmark.

[Question] Those were what we could call the "objective factors." Were there any "subjective" ones too? Shouldn't the party's agitation activities be improved?

[Answer] I certainly won't deny that that is possible. But in the situation we find ourselves in right now, I really don't think that that was the decisive factor.

Our main role now is to continue the campaign against Schluter and bourgeois policy. The election, after all, has changed nothing in the political situation or in the situation in the Folketing. Nor has Schluter in any way found that popular support that he talks so much about. His government continues to be dependent on support from the Radicals and from the Progressives--or from the Social Democrats.

And this is why it continues to be so important, as far as what happens and how our campaign is capable of being developed out among the people.

This is how we will determine whether the Social Democrats will stick to the positions on class struggle which some of them were emphasizing in the electoral campaign, and as some of their philosophical leaders have demanded. Or whether the party will go over to help Schluter now, on issues like the finance law, and other things.

This is why the philosophical campaign is so significant. The Liberal finance minister has clearly said what he supports: a two percent salary limit. And the Radicals have spoken in favor of a zero limit.

But both this and the achievement of the labor movement's own demands for a 35-hour work week with salary compensation, and for a technology agreement, depend totally on what activity can be stirred up at the workplace.

[Question] Wouldn't another factor be the internal disunity in the Social Democratic Party concerning these crucial concepts?

[Answer] There is great disunity. We know that. Some say, nevertheless, that we should work together with them, try to influence them. But when you give up basic teachings about class struggle, then any cooperation could only be along bourgeois lines.

There are many Social Democratic workers whose opinions are different. Here, I think, is where we have a foothold. We can also use this as a base to organize the campaign against Schluter's policies.

The same is true in the case of the peace movement. The government continues to be in the minority on the missile question. But the Social Democrats are applying pressure on this issue. And a new defense agreement is coming up:

Should we make a settlement with the members of NATO, broadly speaking, or should our next defense agreement show the influence of the great majority in Denmark which favors breaking with the policy of confrontation? The majority which demands de-escalation and disarmament, and insists that Denmark make its contribution in this regard?

This is decided first and foremost out among the people, through our activities, I think.

[Question] The stock exchange fell just after the election returns came in, didn't it?

[Answer] Yes it did, and that is a precise indication that the bourgeoisie did not achieve their goals. That it continues to be out among the people where it is determined which line of policy can be brought about. That Schluter, on all the decisive issues, has been forced to appeal to the Social Democrats; and that this party does [*in italics*] have an effect on the activity that goes on in the working class.

Problems With Youth

I would also like to bring up a few more of the important issues. One of them concerns the increasing tyranny of the European Economic Community over Danish self-determination. There was an example of this in the electoral campaign, having to do with whether the European Economic Community would be forcing us to return our beer cans. This instance might be ridiculous, but it shows their desires to push aside our priorities on the issues.

We will have to prepare the Economic Community election, so that it can be a part of the campaign for a new popular vote concerning Danish membership in the community.

And then we have our problems with the youth. There were no signs from this election that we had lost them. On the contrary. We must promote heavy activity to insure education and work for our youth, and also security, a feeling that they are definitely welcome on our society!

Elections and opinion polls have generally shown that there are relatively few young people who will vote for the Danish Communist Party. They are naturally affected as well by general public opinion. But they also have serious, legitimate complaints. And they are a weak group, prone to be victims of exploitation.

They must show more political activity, if political developments are to be influenced in the right direction to solve their problems. This would be a very important task for the communist.

Have to Find a Way

[Question] But don't the election returns demand a debate within the party, on how we can make our political profile stronger?

[Answer] The next central committee meeting, at the end of January, and the many follow-up meetings in the party's various organizations will be discussing the factors--both objective and subjective--behind what has happened, as well as the party's own capacities to formulate itself and to become prominent as a parliamentary possibility.

The Danish Communist Party does continue to be the organizing force behind the labor movement, as well as being the strongest party after the Social Democratic Party as far as membership goes.

We are also the strongest in ideology. This is why we have the obligation to take initiative, to organize campaigns in all the areas I have mentioned. It is on this level that the decisive political struggles take place.

The determining factor in Schluter's being able to bring about the income policy is that the labor movement was weak. The Federation of Trade Unions accepted a four percent salary limit. And this was not hindered by the success of the Socialist People's Party in the last election.

It can only be hindered if the people at their workplaces say "No." Who is going to encourage that "No?"

But it is likewise clear that the best environment for effecting change is achieved when we can combine our activities out in the working class with political activities in the Folketing.

There are definitely many people who voted for the Socialist Left Party, the Socialist People's Party, or the Social Democrats, because they did not see the Danish Communist Party as a parliamentary possibility. And so we must try to delineate ourselves better as a party--while we keep up our efforts on the important issues. The media will be trying to isolate us, to keep us out.

We will have to find a way to transcend that," Jorgen Jensen said.

9584

CSO: 3613/76

GREENLAND POLITICAL LEADERS, MINISTER AIR DISPUTES

Copenhagen BERLINGSKE TIDENDE in Danish 3 Feb 84 p 6

[Article by Michael Ehrenreich: "Uncontested Election in Greenland"]

[Text] The home government expects fewer confrontations with the minister of Greenland affairs after talks with Tom Hoyem in Copenhagen. Minister Hoyem expects after the meeting that his ministry will continue to exist.

Election negotiations in June in connection with the next direct election to the EC Parliament are presumably suspended in Greenland, after the two dominant political parties Siumut [moderate leftist party favoring greater local autonomy] and Atassut [centerist party favoring close ties to Denmark] agreed on an uncontested election.

The background is the Greenland decision to leave the EC. The decision on the uncontested election means that the existing Greenland member of the EC Parliament, Finn Lynge, will continue until withdrawal is a reality. That will probably happen on 1 January 1985.

"Elections in Greenland always cause many difficulties and great expense because of the long distances, and there is no reason to waste resources on an election only 6 months before withdrawal. We are on our way out, and a possible new member could therefore not accomplish anything in the EC Parliament in such a short time," said Finn Lynge.

The question of whether and how the Greenland seat will be allotted to the present number of 15 Danish seats in the EC Parliament could not be answered yesterday in the Foreign Ministry in Copenhagen.

Minister of Greenland Affairs Tom Hoyem furthermore expects, after a meeting with representatives from the Greenland Home Government, that the Ministry of Greenland Affairs will continue to exist as an independent ministry--even though the chairman of the home government Jonathan Motzfeldt has delivered a request to Foreign Minister Uffe Ellemann-Jensen that the ministry be dissolved.

The chairman of the home government characterized the ministry as a superfluous institution, against the background of the home government having taken over more and more tasks, while the minister characterizes it as a misunderstanding if anyone believes that the termination of the ministry will solve problems for Greenland.

The parties at the meeting agreed on the appointment of a committee of officials which will discuss Greenland's overall economic policy. The member of the home government for the economy, Moses Olsen, expects that the discussions will lead to fewer confrontations in the future between the minister of Greenland affairs and the home government.

In connection with the conflict over the New Year rate increases in Greenland, Tom Hoyem clarified at the meeting the division of authority between the Danish government and the home government, and the minister maintained that Greenland's budget framework must be administered as tightly as the budget in any other ministry.

The members of the Greenland home government received a concrete promise from Tom Hoyem, who will now go to the government with a request for an extra 25 million kroner for building homes in Greenland in 1985.

9287

CSO: 3613/91

GREENLAND AFFAIRS MINISTER WARNS OF ECONOMIC CONSTRAINTS

Godthaab GRONLANDSPOSTEN in Danish 11 Jan 84 p 14

[Article: "Take Over KGH [Greenland Trade Department] as Quickly as Possible"]

[Text] "On behalf of the government I will urgently request the Landsting to debate the question in the spring assembly, and will absolutely be forthcoming with regard to the conditions," said Minister of Greenland Affairs Tom Hoyem in his New Year address.

"On behalf of the government I must urgently request Greenland's Landsting at its first session this year if it will be possible to take over the rest of KGH very quickly. We will absolutely be forthcoming with regard to conditions, if Greenland believes it can undertake the task," said Minister of Greenland Affairs Tom Hoyem in his New Year address. The minister further said that as long as the supply and transport sectors are the responsibility of the state, the incumbent minister may at any time be forced to make the unpopular decisions about various matters.

But if Greenland itself could make these decisions, the understanding of the population would be greater, and at the same time 50 percent of the friction between Denmark and Greenland would disappear.

Will Hold the Line Again

The minister promised in his New Year address that in 1984 he will do his best to hold down all price increases in relation to those which came into force on 1 January.

"We are beginning the year with realistic prices, fees and rates," said the minister. "We should be able to hold them, if nothing unforeseen happens.

"In this connection I want to mention the agreement of 5 June 1983," continued Tom Hoyem. "The home government and I agreed to hold inflation in check as much as possible. Wage development is one side of inflation.

There has not been success in achieving a good result, as in Denmark where the automatic cost of living increase has been suspended, and where wage agreements were held under 4 percent. A certain slowdown has also resulted in Greenland. Let us hope that we can gradually carry over the low Danish inflation rate--also by restraint of prices and rates according to the zero index of Greenland's price figure from the New Year."

Too Little About Culture and People

Tom Hoyem also spoke in his New Year address about the national federation and said, among other things: "A professor thinks that Denmark should denounce the national federation, which is no longer of interest to Denmark. It just costs money, and has met with acid criticism by too many Greenlanders. That was the argument--and a large number of debaters said he was right. The viewpoints were contrary to history and without perspective, and the head of the home government and I rejected them together and immediately. Greenland and Denmark have a common destiny which none of us wants to do without. We often speak all too little about cultural and human connections. Still it is thought-provoking that the disintegration of the national federation should be proposed from the Danish side.

"It is a balancing act to give the new Greenland Home Government good growing conditions and respect its independence without losing patience and remembering that Denmark must naturally stand by its obligations as long as there is a need for us."

Finally Tom Hoyem reminded that Denmark is in an economic crisis, and that it affects the budgets of the ministries, as it does the Ministry of Greenland Affairs. Still we can meet 1984 with much more optimism than 1983, because the national debt is falling.

"I am pleased with many good years of cooperation with all in Greenland. We can not expect idyllic and harmonious relations, because our tasks contain many conflicts. But we can promise each other that we will seriously try to understand and respect each other," concluded Tom Hoyem's New Year address.

9287

CSO: 3613/91

GREENLAND GOVERNMENT CHIEF CRITICIZES COPENHAGEN POLICIES

Copenhagen LAND OG FOLK in Danish 28-29 Jan 84 p 11

[Interview in Copenhagen with Lars Emil Johansen, head of Greenland's Home Government, by John Wilken. Date not specified. Interview headline: "It Is Beginning to Look Like Foul Play--Head of Government Lars Emil Johansen Says the Minister Will Set Us Back to Before Home Rule"]

[Text] Vital problems are piling up for the Greenland Home Government in 1984. Head of Government Lars Emil Johansen, who is responsible for Greenland's industrial policy in the home government, has again criticized Copenhagen. He is taking his problems with him on his hectic travels between Greenland, Copenhagen, Brussels and Bonn. For the third year in a row an inhumanly hard winter is gripping Greenland, conditions for Greenland's withdrawal from the EC will be negotiated to completion, and as if that were not enough, there will also be a conflict with the Danish Minister of Greenland Affairs Tom Hoyem: "We must investigate whether he has overstepped his authority as minister," said Lars Emil Johansen.

It is the despotic raising of rates for shipping to Greenland which irritates Lars Emil Johansen the most. In addition there is the unjustified raising of other rates in Greenland. "We have our own figures to prove that the rate increases are double that which is necessary to cover the real increases in expenses. It looks as though Tom Hoyem in personal pique wants to put a stick in the wheel of home rule," said Lars Emil Johansen.

[Question] But the most important problem now is the withdrawal from the EC. How far has that gone?

[Answer] We are in a decisive phase of the negotiations. It is an irrevocable decision that Greenland will leave the EC effective 1 January 1985. Therefore there are only 2 months remaining in which to negotiate the conditions for our withdrawal.

[Question] What are the main problems?

[Answer] We want a so-called OLT arrangement. That is an arrangement which the EC gives to all previously colonial areas, where the colonial powers are now members of the EC. Greenland fulfills all the preconditions for entitlement to such an arrangement. EC has demanded a fishery agreement in return.

[Question] What is the reason for your difficulties?

[Answer] It is obvious that there are several EC countries which believe that they have interests in our waters.

Agreements Cost

[Question] Of course that should be a negotiating advantage for you?

[Answer] It should be an advantage, but in the effort to retain fishery rights off Greenland there are EC countries which will make that a condition for our achieving an OLT arrangement which will guarantee us duty-free import of goods to EC, among other things.

[Question] In that connection are you also demanding money from the EC?

[Answer] It is clear that if they want a fishery agreement with us, they must also pay for it. We do not want a subsidy, but we have said that if the EC countries want to fish in our waters it will cost them money. That has nothing to do with an OLT arrangement. We should have that because of our historical background as a former colonial area. One does not get a fishery agreement automatically. It must be negotiated. EC must finally understand that.

Fishing is a vital industry in Greenland. Therefore if we let others in, it will cost money.

[Question] Are you at the same time negotiating with Denmark about completion of Greenland Home Government taking over Greenland society? How far has that development progressed?

[Answer] Since 1979 we have taken over a number of areas in culture and education. We have taken over social areas and industrial training. We have taken over Greenland's internal government and supervision of municipal authorities. Levying of taxes is the business of Greenland.

Greenland's Test

What we are confronting now is one of the major areas which affect many people in Greenland every day. That is the taking over of production and export from the Greenland Trade Department [KGH]. That will happen at the beginning of 1985.

I personally feel that is the most serious test that we will have. It is the operation of the entire production, operation of the publicly owned trawlers and the sale of Greenland fishing products on the world markets.

[Question] These areas that you are taking over from KGH, they are organized according to a pattern that has been worked out through time in Denmark, and not according to Greenland traditions and conditions?

[Answer] That is correct.

[Question] Does that cause difficulties?

[Answer] I would prefer to say that it brings challenges. We will be able to create something ourselves. We will first be able to influence export and production from KGH when we have taken over these areas.

KGH has 8 large factories in Greenland, and 10 trawlers. Furthermore KGH has production facilities in 60 towns and smaller places in Greenland, and KGH has a sales division in Copenhagen. It is therefore a large workplace.

[Question] When you spoke before of the challenges, that of course also meant the creation of a new economic system?

[Answer] Yes, that means primarily a higher improvement of the products we are exporting. Today we are producing too many semimanufactured products.

It is obligatory that fabrication and operation will be conducted together. Naturally the export sector will operate in accordance with the conditions in the world market.

There will be central control of the operation of the larger factories. In return we will increase the regional influence of all production facilities out in the country. That also applies to questions for the larger factory installations, if they can increase the interest of the local population in the operation of these facilities. But we will always be ready to organize ourselves according to the necessary dialogue between market and production. That also requires central standards for production.

[Question] Through appropriations for KGH and appropriations for the entire production sector in Greenland, is the state now about to cut down the amounts going to Greenland?

[Answer] Within the Home Rule Law there are compromises by both the state and the politicians. The law consists, among other things, of transfers of sectors which would mean loss or gain for some of the parties. None of the parties should speculate in home rule. That is established. That was approved in the Folketing and by a referendum in Greenland.

More Burdens

[Question] But at this moment Denmark is disclaiming burdens--for example the minister of Greenland affairs is increasing the rates for shipping on the Atlantic?

[Answer] The government has also broken this principle by reducing block grants to Greenland.

At the same time there is a tendency to make conditions for a sector more difficult before we take it over. That conflicts with the Home Rule Law, when they now, the year before we take over, make cuts in that sector, dismissing people and creating uncertainty for those who will work under the home government in a few months.

That is happening without consultation with the home government which will take over that sector in 11 months.

It is beginning to look like foul play.

The same applies to industrial support, which we will also take over at the end of the year. They are also now cutting back there.

That means that the home government will be confronted with unreasonable conditions due to unilateral cuts just before we take over certain areas.

[Question] In addition there will be the recently enacted increase in shipping costs, which will make an impression on your economy, which is already stretched to the limit because of a difficult ice winter for the third year in a row?

[Answer] In all other countries it would be called a catastrophic situation. We must believe that in the Ministry of Greenland Affairs they do not understand that.

Just now fishery is not working because of the ice and the cold. Obviously they do not understand how difficult our situation is, when they sit here in Copenhagen and say that shipping costs will be raised by 18 percent.

The home government has presented our own calculations, which say there is no basis for more than half of the price increase, if increased costs are included. They have not wanted to discuss these figures with us.

Sometimes I wish that the Ministry of Greenland Affairs could have a lecture on the Home Rule Law.

[Question] You have now invited the minister of environment and Nordic affairs, Christian Christensen, twice to Greenland in six months. Is that because you want to transfer Greenland to the second responsible minister?

[Answer] We invited the minister for Nordic affairs because we are now becoming a member of the Nordic Council, and later in the year we invited him because Greenland also has environmental problems. If you want to draw other conclusions you are free to do so.

Against Home Rule

In return we have added up the tax increases which the minister of Greenland affairs has imposed administratively. They surpass the real increases in fees. Thus the minister has imposed an extra tax on Greenland. That exceeds his authority, and we want that investigated in the national courts.

[Question] At the same time that puts a greater economic pressure on the population with greater price increases. That has undermined the basis for the agreements which the home government and SIK, Greenland's LO [Federation of Trade Unions] have reached. Do you believe that SIK will now denounce the agreements?

[Answer] That is a reaction to the national error.

[Question] Is it a punishment reaction from Tom Hoyem, because to a certain extent you retained cost of living increases?

[Answer] That resembles a trade of insults, and they do not want to discuss the basis for tax increases with us. That means that we, under this minister of Greenland affairs, are back to a condition similar to before home rule, and we do not want that.

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CSO: 3613/91

NEWSPAPER EDITORS UP IN ARMS OVER KOIVISTO COMMENTS ON PRESS

Grenada Vote Starts Debate

Helsinki HUFVUDSTADSBLADET in Swedish 3 Jan 84 p 2

[Editorial by Jan-Magnus Jansson: "A Question of Being Consistent"]

[Text] The polemics surrounding, among other things, the vote on Grenada at the United Nations have been concerned to a large extent with Finland's will and ability to act consistently, writes Jan-Magnus Jansson in this commentary on a feature article by Prof Allan Rosas that appeared on New Year's Eve.

Early in November, we published a brief commentary on Finland's posture in the UN vote on Grenada and concluded with the statement that it would be useful to have an official explanation of the reason for Finland's vote, "since otherwise the issue will carry a tinge of opportunism."

The explanation came a week or so later in the form of a response by the minister of foreign affairs to a question in Parliament. After that, we felt no need to continue the discussion. Not because the answer by the minister of foreign affairs had dispelled all doubts, but because the government had at least explained its stand to the most authoritative forum in our country, which is Parliament.

The polemics surrounding that vote have continued anyway. The critics include Jukka Tarkka in HELSINGIN SANOMAT and Steve Lindberg in FINSK TIDSKRIFT. The defenders include primarily the Social Democratic intellectual spearhead represented by Prof Osmo Apunen, Prof Raimo Vayrynen and, just recently, Prof Allan Rosas, whose article was published in HUFVUDSTADSBLADET on New Year's Eve.

Professor Rosas' basic argument is related partly to his own special field, which is international law. Among other things, he seems to be saying that the two cases being compared to each other in the debate--Grenada and Afghanistan--are essentially different. Somewhat sketchily, his argument runs as follows: in Afghanistan there was an established government (headed by Babrak Karmal since the Soviet intervention), and the Soviet Union intervened on its behalf under the treaties in effect. He finds no corresponding basis for intervention in the case of Grenada.

Here we will not go into the legal arguments, which could continue interminably. Votes in the United Nations are based more on political assessments than on formal legal considerations, and Finland's stands are also primarily indications of a political attitude. The big majorities in the United Nations that condemned the intervention in both Afghanistan and Grenada did not, in any case, make any clear distinction between the two, and neither is Professor Rosas' reasoning to be found in the explanation of its vote that Finland's delegation presented on 14 January 1980 in connection with the issue of Afghanistan.

The explanations of the two votes are nevertheless very similar to each other. In the case of both Afghanistan and Grenada, Finland stressed the importance of the withdrawal of foreign troops, deplored what had happened, and stressed its desire to remain outside conflicts between the big powers. Only the votes themselves differed in the two cases (abstention on the issue of Afghanistan and a "yes" vote on the issue of Grenada).

Now it happens that Finland's policy of abstaining from voting when either of the two big powers is up against the wall at the United Nations is far from being based on any abstract principles: it is the result of solid considerations of practical politics. On 4 November 1956, Finland--then a new member of the United Nations--was faced with a U.S. proposal to stigmatize the Soviet Union's handling of the Hungarian crisis. Finland abstained from voting. Despite sharp polemics here at home, the policy laid down at that time and applied in the case of Czechoslovakia and Afghanistan was viewed as the correct one and as the one best protecting our national interests. Since Finland regards itself as a neutral state, it has also been considered that the same restrained policy should characterize our conduct if the other big power--the United States--is being stigmatized by the United Nations.

It was therefore not strange that one section of public opinion adopted a questioning attitude when Finland supported a resolution condemning the U.S. action in Grenada, even though the resolution was moderate in tone. It deserves mention, however, that as far as is known, no one has criticized our vote on moral or legal grounds. The concerns have had to do exclusively with the possibility that the Grenada case will become an awkward precedent if it becomes necessary to return to a more moderate policy in the future, whether the vote concerns the Soviet Union or the United States. Let us imagine that the United States feels called upon to intervene in Nicaragua--a far bigger and politically more serious operation than the landing in Grenada. Which attitude would we adopt: the one expressed in the decision on Grenada or the earlier, more cautious one?

It is our opinion that the second question--concerning repudiation of the first use of nuclear weapons--can be viewed in a somewhat different manner. A realistic way of looking at things must obviously mean realizing that proposals on disarmament and control issues are not based purely on principle--the one making the proposal is also usually trying to strengthen his own position and weaken that of his opponent.

Such elements were not absent from the vote on the first use of nuclear weapons, an issue on which we deliberately adjusted our political image from the year before. Despite that, it was a context in which no single state was

singled out, and it is entirely reasonable that a small, nuclear-free state such as Finland should take a stand in accordance with its national interests and its convictions. What one is entitled to ask now, though, is that the new policy now introduced be pursued consistently, regardless of the source of the initiatives and regardless of who benefits most in the short term.

Klaus Tornudd, currently under secretary of state in the Ministry of Foreign Affairs, wrote the following a year or so ago in the book "Word and Deed": "Especially in the case of small states, it is important to protect one's image and to behave similarly in similar situations. Usually, every state wants to be taken seriously by other states, and that is not possible if its policy is totally inconsistent." Whether the new courses of a tion that came into being last fall will be useful or not will depend to a very great extent on how consistently they can be pursued in the future.

Speculation on Foreign Policy

Helsinki HUFVUDSTADSBLADET in Swedish 3 Jan 84 p 2

[Column: "Today's Debate"]

[Text] The ordinary person knows very little about what is going on and forms his views most often on rather irrational grounds, writes Bo Stenstrom of the ABO UNDERRATTELSE on the subject of possible changes in the foreign policy line. Stenstrom defends himself against Osmo Apunen's criticism of the "Turku circle" and points out that it is only a question of Kekkonen-style realism. The newspapers that have commented so far on the president's New Year's speech interpret the section on energy policy as an indirect statement in support of nuclear power. UUSI SUOMI talks about "a clear conflict between the citizens and the top-level decisionmakers" on the nuclear power issue.

Kekkonen-Style Realism

There is no Turku "foreign policy mafia" meeting in secret and plotting against our current foreign policy leadership together with Nardel or other suspect circles, writes Bo Stenstrom, editor in chief of the ABO UNDERRATTELSE, in a controversy with Prof Osmo Apunen, who has attacked the so-called Turku circle for its "romantic" views on foreign policy:

Every country, but especially a small country, naturally strives for an optimal foreign policy. An optimal foreign policy rests on Kekkonen's principles, not those of Arwidsson.

No country can borrow the basic pattern of an optimal foreign policy from any other country, even if we have allowed ourselves to doubt that Sweden's foreign policy--in those very rare instances where the Swedish stands have differed

from Finland's--was the optimal one. On the other hand, we have every reason, for our own sakes, to respect Sweden's solution.

Each country's historical, geographical, and national starting points differ from those of all other countries.

It is naturally impossible to establish a formula, either officially or unofficially, that will cover all situations. Each new situation must be analyzed on the basis of its conditions and the way in which those conditions have changed.

But it is clear that there can be differing attitudes as to which measures will yield optimum results for a country with Finland's starting points, and even if the world is changing, it has not changed so much that the basic features of Finland's attitude during Kekkonen's time would gain by being altered.

It is possible, as was shown by the Gallup results on Friday's TV news, that ordinary people see the matter somewhat differently. But ordinary people know very little about what is really going on and form their opinions most often on rather irrational grounds.

An effort to achieve symmetry in international forums does not diminish but rather increases our possibilities for cultivating our policy of friendship with the East. It lends more credibility and strength, both internationally and especially nationally, to both the neutrality policy--not as a liturgical term but as a real fact--and the Treaty of Friendship, Cooperation, and Mutual Assistance.

Moreover, greater realism--as opposed to greater moralism--increases our specific weight in contexts where it is possible to get the gears (not to say the biggest gearwheels) to mesh again. In UNESCO, for example.

This is not Turku romanticism, but Kekkonen-style realism. Idealistic realism.

"Stupid Remarks no Longer Taken Seriously"

In his column in SUOMEN SOSIALIDEMOKRAATTI, Arvo Salo comments on the foreign policy debate. He writes that the debate has not shown "signs of having developed":

A small shift has occurred, however: stupid contributions to the debate are no longer taken so seriously that one must fear that the entire nation will have to answer for them as though the minister of foreign affairs himself had spoken.

According to Salo, "the team which--like Koivisto, strangely enough--comes from Turku and the Turku Academy has had to learn that."

More Press Contact Urged

Helsinki HUFVUDSTADSBLADET in Swedish 4 Jan 84 p 2

[Editorial by Jan-Magnus Jansson: "Credibility Crisis That Ought To Be Solved"]

[Text] If anyone had said a few years ago that there would be a credibility crisis between Koivisto as president and the press, his remark would have been viewed as a manifestation of bizarre humor, writes Jan-Magnus Jansson in this commentary.

If someone had said a few years ago that there would be a credibility crisis in 1984 between President Mauno Koivisto and the press, he would have been dismissed as a person with a bizarre sense of humor. Because of course, it was the media's favorable and often effusive treatment of Koivisto as bank governor and prime minister that contributed so greatly to his popular image and, consequently, his big election victory in 1982.

The immediate reason for the above observation is, of course, the much-discussed interview that appeared in the special anniversary issue of the 160-year-old ABO UNDERRATTELSE. It is true that if one reads the entire interview, the impression received is milder than the one provided by the selected snippets that reached yesterday's morning newspapers and made reporters' blood boil. Some of the criticism may have been intended as a temperamental joke, but unfortunately, such things cannot be indicated typographically.

But what leads one to think the matter over seriously is that the interview in the ABO UNDERRATTELSE is only one link in the president's ongoing irritation with the press. That irritation gives the impression that Koivisto has now set himself up as supreme chastiser of the fourth estate. Similar statements were to be found, for example, in the so-called fortuneteller speech, in the letter to the editors in chief, and in Koivisto's statement on his birthday about the press' way of handling current court proceedings.

One thing in the interview that stirred up bad blood was Koivisto's description of reporters as a "horde of lemmings" who rush recklessly after opinion leaders and uncritically accept whatever topics the latter choose. The reason could be left at that if the phrasing had not so obviously heightened old prejudices about "hack reporters" and their level of knowledge and responsibility. The fact is that reporters are thorough individualists who are difficult to control and who are at their happiest when they come across news material that no one else has discovered.

More important is what the president says about the "explanation" of statements he has made. Perhaps one need not take so awfully seriously his outburst to the effect that "no one," not even he himself, will ever again provide explanations about the president's statements in public. If that threat is taken literally, however, it may mean that the Ministry of Foreign Affairs and Chancery officials, for example, will no longer be allowed to give any explanations concerning the president's remarks. This will mean a decrease in the level of

information and a tenser climate between the press and the authorities, but it does not mean that the press will be exempt from commenting on the president's words, even if they are Sibylline--it simply means that comments will be based entirely on each newspaper's own assumptions.

From the standpoint of substance, the most important thing in the president's interview was his reiteration that foreign policy must take several different principles into account and that adjustments based on the current situation must be allowed to take place. Since we happened by chance to comment on the same subject in yesterday's editorial--or at least one aspect of it--we simply draw attention to it here.

Mauno Koivisto usually has a strong sense of what will appeal to public opinion in a given situation, and it is possible that he is skillfully picking up on the peevishness toward the press that is felt by part of the political establishment and also, perhaps, by part of a broader public. In any case, it is impossible in today's society that there should be no relations between a chief of state--if he exercises real political power--and the press. The press must take Koivisto's touchiness into account as a fact of life, and Koivisto must take the press' editorial methods into account. Over the longer term, we recommend not less frequent and more formal contacts but, on the contrary, more frequent and less formal contacts between president and press.

Editorial Roundup on Koivisto Criticism

Helsinki HUFVUDSTADSBLADET in Swedish 4 Jan 84 p 2

[Column: "Today's Debate"]

[Text] Mauno Koivisto's criticism of the press in an interview published in the ABO UNDERRATTELSE's special anniversary issue is commented on by Bo Stenstrom, that newspaper's editor in chief, who provides a six-point enumeration of phenomena that can harm journalism's credibility. Jyrki Haikonen, editor in chief of UUSI SUOMI, rejects the idea that reporters are a band of lemmings, while Pertti Pesonen, editor in chief of the Conservative Party's AAMULEHTI, says the lemmings are to be found among the politicians.

Is the Press Pious, Even Sanctimonious?

Under the above headline, editor in chief Bo Stenstrom discusses the press' mission and journalism, using the interview with President Mauno Koivisto as his starting point. He says:

There are public phenomena that can cause a decline in journalism's credibility.

First, the mass media ought not to be excessively self-centered. Within the world of journalism, we can distinguish between the evening press and the morning press and between advertising sheets and daily newspapers, but neither the ordinary person nor the advertiser does so.

It is a strange idea to begin with that a newspaper purchaser would buy his evening paper with the idea that it has a right to dupe him into buying it!

Second, it is correct that most of our many newspapers maintain high standards. But the ability of the evening newspapers to influence trends and public opinion far exceeds their number and their circulation.

They are eye-catching and Helsinki-oriented, and they concentrate on those elements that ordinary people pay attention to: movement, headlines, inducements, and pictures.

Third, the "new journalism" is much more people-centered, emotional and, by the same token, both hypercritical and uncritical.

Matters are not helped by ILTALEHTI's sanctimonious editorial about the mission and responsibility of the press when, on the same page, that newspaper prints petty, more or less shallow, and biting views on individuals. It is difficult for the individual in question to refute barbs of that kind.

At the same time, major social reforms make their way from one government body to another with no attention being paid to them until they go into effect and their victims speak out.

Someone like Vayrynen had no possibility of getting any attention paid to his essential arguments before he became minister of foreign affairs. Perhaps there were no opinion leaders, but publicity often looks like an avalanche; every columnist, caricaturist, and so on had to have his version of Paavo's barracks on rollers.

On the other side, that is not balanced out by, for example, the totally uncritical response to the Finnish Rural Party's complete reversal overnight.

Fourth, reporters can harm themselves by an exaggerated esprit de corps. This is obvious at any rate in the United States.

Reporters in the United States are no longer regarded as traditional spokesmen for the small and weak--as professional fellow creatures--but increasingly as a self-serving group that literally walks over corpses and tragedies like an arrogant, well-off power group with its own interests--chiefly commercial.

Contributing to that to some extent is the professionalization of reporters, which, while providing reporters with better basic training, has also turned the group in on itself and given it streamlined values and attitudes.

Reporters must not be turned in on themselves intellectually--solidarity should be restricted to support for colleagues who are subjected to improper pressures and so on.

Fifth, we have an unusually strong party press which is centered on the capital and which still tends to act as though it were semiofficial, putting out insinuations that need to be interpreted in the old Czarist style.

And sixth, the general public structure is such that a relative handful of political reporters in the capital provide the news background for forming public opinion all around the country. Out here in the regions, we depend heavily on the reliability of news material concerning national politics. By great good fortune, the level has been kept high, especially in Finland-Swedish quarters.

The public is like a collective consciousness comparable to an individual's consciousness. Exhaustion and impatience may make themselves felt in the public and shrink its perspective.

At this moment, we have a much more emotional and narrower national public consciousness than we did 10 years ago.

The president has experienced not only commercial "celebrity journalism" centered on him, but also a less structured type of public life than existed in Kekkonen's time. If the irritation between the mass media and the president ever developed into conflict, it is probable that in today's climate, the president would have most of the people on his side, just as Reagan has in the United States.

There is nothing to indicate that things need to reach that point.

Not a Band of Lemmings

In UUSI SUOMI, editor in chief Jyrki Haikonen comments on President Koivisto's view that reporters remind him of a band of lemmings following a leader:

There are opinion leaders among newspaper people, of course, just as there are in all fields of activity. But I don't believe that other newspapermen behave like a band of lemmings.

The trouble is that in our day, everyone is too much of a "mass man"--the system schools us to be that way. It is good that President Koivisto has noticed that development and warned against it. And it is not out of place for people to discuss the mission of the mass media in other than a dry academic manner.

But one should also be able to take it for granted that the president of the republic is not to be above all criticism. The result of the long-established practice that has lasted until now is that when one senses that he either must not, cannot, or dares not speak out plainly about things, he shoots from ambush.

"Lemmings Exist Among Politicians"

UUSI SUOMI also asked Pertti Pesonen, editor in chief of AAMULEHTI, to comment on President Koivisto's interview in the ABO UNDERRATTELSE. Pesonen says:

"Band of lemmings" is certainly a strange description. If we are looking for something like that, it is to be found among the politicians.

The reason why newspapers follow up on each other's news is that all newspapers try to find news on their own that other newspapers have not discovered. Then the others follow along.

News is not tied to a particular person. People keep up with news, not with news writers. But it is true that there are powerful newspapermen.

I do not want to underrate the influence that newspapers can exercise, but the truth probably is that newspapers in general follow society's debates and in no way lead them.

Aimo Kairamo, editor in chief of SUOMEN SOSIALIDEMOKRAATTI, was also asked to comment. He supports Koivisto's criticisms while also emphasizing that reporters differ from each other exactly as politicians do. According to Kairamo, newspapers often magnify trifles partly to boost circulation.

President Is Ambiguous

ILTALEHTI also interviewed a number of editors in chief on the subject of Koivisto's criticism of the press. Erkki Susi, editor in chief of TIEDONANTAJA, points out that reporters who know their business are always opinion leaders:

Perhaps some reporters have more authority than others. Koivisto has certainly taken a rather strong stand on the press and reporters.

I regard the comparison with lemmings as unfortunate. It is hard to say with certainty why it is that speculation so often arises after Koivisto's speeches. Maybe it is because the president is so ambiguous and obscure.

Jarmo Virmavirta, editor in chief of TURUN SANOMAT, says:

It is a fact that Koivisto is too ambiguous under all circumstances. And it was clearly noticed last fall that his assistants were also becoming addicted to obscure statements in their speeches.

By "band of lemmings," Koivisto was probably thinking of HELSINGIN SANOMAT and the fact that a great many do follow its lead. But on the whole, the Finnish press deals with the country's affairs in a very diversified manner.

HELSINGIN SANOMAT's editor in chief, Simo Pekka Nortamo, feels that the president's criticism does not yet mean that a crisis exists between him and the press:

Fortunately, we have such a refined system that we can talk about each other critically without a breaking off of contacts.

We have no end of different newspapers and different reporters--it is the same with political leaders. Among reporters, there are certainly those who follow

the herd and others less inclined to do so. Generalizations in talking about the press have regrettably become more common recently.

Nortamo points out that the interview took place immediately after Independence Day, when newspaper comments about his criticism of the Office of the Public Prosecutor were still fresh in Koivisto's mind. Nortamo does not believe it was Koivisto's feeling that other newspapers follow too closely in HELSINGIN SANOMAT's footsteps.

I don't believe that he necessarily felt that way. And in this case, we should not make the mistake of trying to guess what the president meant.

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CSO: 3650/101

CP CHIEF KAJANOJA MAY BE FORCED OUT IN NEXT CONGRESS

Saarinen Attacks Minority's Tactics

Helsinki HELSINGIN SANOMAT in Finnish 8 Jan 84 p 23

[Article by Pekka Vuoristo: "Aarne Saarinen's Revolutionary Ideas"]

[Text] They are trying to unite the Communist Party on the terms of the party's Stalinist faction. The Stalinists are trying to gain the upper hand by exploiting Kajanoja's supporters. We ought to get rid of "meaningless compromises" and let the moderates dictate the content of decisions.

Who believes that 1984 will be the Finnish Communists' big year of reconciliation? That the May party congress will unite conflicting views and factions? That they will stop smearing each other? That the Stalinist newspaper TIEDONANTAJA will cease publication and the new paper, YHTEISTYÖ, will become the herald of harmony and a new growth?

Perhaps party chairman Jouko Kajanoja believes all this. It's his job. He has painted visions of the unification of "moderate and Stalinist traditions."

The former chairman, Politburo member Aarne Saarinen, is incapable of believing it. It's not his job.

Aarne Saarinen, 70, has taken upon himself the retiree's right to speak his piece on issues. He thunders on about the party, revolution and practical socialism, topics that people read wide-eyed in his column in KANSAN UUTISET.

Aarne Saarinen avoids criticizing Jouko Kajanoja. But he wisely warns against indulging in fantasies about party unification.

"A settlement that would combine moderate and Stalinist views is not in sight," Saarinen said.

The SKP (Finnish Communist Party) has, however, reached many such settlements. Controversial issues have been omitted from platforms. Resolutions have been written in such a way that everyone can interpret them as he likes.

The party started to issue such documents in Saarinen's time. They were the first step away from open dispute toward formal unanimity. Now Saarinen calls them "meaningless compromises."

"They weren't satisfied with meaningless compromises. Ambiguity and bad agreements aren't good. It's better to have an unmistakable and united majority faction which dictates the form and content of decisions," Aarne Saarinen boomed.

The May party congress will approve a number of platform issues that will foretoken revision of the party platform. Aarne Saarinen said that he will strive to see to it that all room for interpretation is omitted from these issues. This means that the moderates will dictate what they are to be.

But the notion of "majority" has become vague among party leaders. In trying to make room for the Stalinists, Kajanoja has driven the moderates between the lines that divide the masses. Now he bases his power on a new configuration. Betweentimes Saarinen's reformist minority, Kajanoja's followers and most of the Stalinists have been face to face in the Politburo.

Although this stratagem has succeeded in the party leadership, it is perhaps condemned among the rank and file. The May party congress will take the measure of how many Kajanoja supporters there are in the party.

Aarne Saarinen warned that segregating old factions into little groups creates confusion and uncertainty, which the Stalinists are exploiting:

"The basic configuration is the same as before. The Stalinists are trying to gain the upper hand. Since they haven't succeeded in doing so with the methods of former years, they are now trying to do so in conjunction with a specific majority faction."

The SKP minority has never used its positions to bargain with. If it does not bargain now either, cooperation dependent upon the Stalinists will mean cooperation on the Stalinists' terms. Is that what Jouko Kajanoja is leading the party to?

"Yes, we can draw that conclusion. At least the Communists and the whole People's Democratic movement will have to ask themselves that."

In Saarinen's opinion, it would, however, be an exaggeration to say that Kajanoja has fallen into the Stalinist trap. "The extreme elements will exert a significant effect on the positions of the different factions. Opponents of the extreme elements will fall under suspicion. That may be what's happening to Kajanoja, but it's also happening among the Stalinists," Saarinen remarked.

Jouko Kajanoja's policy line is the same as the Communist Party of the Soviet Union's (CPSU). In the CPSU's opinion, a new majority ought to be created out of those who are ready to cooperate "on the basis of the right principles." "This disregards the extreme elements of both factions," Saarinen asserted.

He was unwilling to name names. He was, however, willing to admit that the Stalinist hard line leader, Uusimaa district secretary Markus Kainulainen, for example, is one of the extreme elements "in my opinion as well as the CPSU's."

Unity on Stalinist terms would weaken the party, membership would decrease, support would diminish and [the party's] power to exert its influence in the SKDL [Finnish People's Democratic League] would be weakened, Saarinen predicted.

Furthermore, "experience shows" that, if the Stalinists get too much power, the SKP's dependence on the CPSU grows. Saarinen, who when he was chairman squarely opposed the CPSU when necessary, is concerned about this.

Bull by the Tail

At the end of the year the SKP founded a new newspaper, YHTEISTYÖ. It was supposed to be the forerunner of unity.

Things are going badly with the People's Democratic newspapers. Their poor showing in the last parliamentary elections badly dented the party's economy.

But the purpose of the paper was to get rid of a sorely irritating pebble in the moderates' shoe, TIEDONANTAJA, which represents extreme Stalinist positions. According to a nearly unanimous decision reached last September, it was to be merged with YHTEISTYÖ this year.

Those most suspicious of the plan immediately said that nothing would come of it. You see, the Central Committee, which made the decision on the paper, has no power over TIEDONANTAJA. TIEDONANTAJA is a Stalinist district organization paper.

The plan is now falling apart. YHTEISTYÖ has not gotten any subscribers. They could hardly find any editors for it. The board of directors voted for the smallest number of volunteers. The chief editor resigned even before the paper began to appear on a regular basis.

The sample issues of YHTEISTYÖ have been as dry as sandpaper. The two factions have discussed its content only by accusing each other's newspapers of "pushing the wrong views."

At the same time the "KANSAN UUTISET will endure" support campaign is producing money for the joint SKP-SKDL paper, KANSAN UUTISET. As for TIEDONANTAJA, it proclaims "TIEDONANTAJA is stronger, more extensive. And there is no sign of an end to it all either."

Did the SKP try to grab the bull by the tail instead of by the horns?

"The basic idea was correct," Saarinen said. "As time goes by the reasons and consequences have exchanged places. TIEDONANTAJA's arrival on the scene was the result and the culmination of the dispute. Since then the paper has been the reason, the powerful force that has preserved the split. Putting an end to it would be one step forward."

Aarne Saarinen is not an YHTEISTYÖ subscriber — it comes to him as payment in kind. He rated the paper thusly:

"I say that, if the TIEDONANTAJA business isn't settled as anticipated by the decision, I won't lift a finger for YHTEISTYÖ. It's not only my opinion that the paper is not very interesting."

Misguided Revolution

In December Aarne Saarinen was in Moscow at the Economic Commission conference. He related in KANSAN UUTISET that he was amused when the commission members fraternized and embraced one another. "To hell with that, though support for us has weakened, results are more important," he wrote.

Has the SKP accomplished its mission when Finnish industrialists embrace Soviet communists?

Aarne Saarinen denies that he does not give a damn about support for the party. But in addition to that he feels that the obvious social reasons for the drop in support stem from the fact that the internal quarrel has lowered his party's prestige.

Saarinen went back to the favorite topic of his retirement period, one that makes any Stalinist whatsoever's ears turn red: Since the war a sort of "revolution" has been taking place in Finland.

Saarinen ticked off the bonds of friendship and trade between Finland and the Soviet Union, the government's ever greater participation in the country's economic life, the evolution of social security and basic education. He said that the SKP has made "important partial contributions" to these.

Only the most important aspect of the revolution is lacking — the switch to socialism. Saarinen said that it is not even in sight, since most Finns do not feel that it is necessary.

"Party support is based on how necessary the masses feel a party to be. A revolutionary party is not at this time felt to be very important. Within the capitalist system they have been able to achieve so many things that we used to imagine would only be possible under socialism," Saarinen explained.

This misguided revolution is beginning to have run its course. Demanding or promising great reforms during a period of failing economic growth is empty talk.

So what is there left for the SKP to do if the great reforms and ranting wind up in "file 13"?

Aarne Saarinen's key words are morality and justice, and also "those values which the Green movement, for example, represents."

Work for those who want to work, a minimum of speculation and scheming, more democracy in the society and in the world of labor. Reforms that will not cost much, Saarinen noted in listing them. "The extension of democracy in the working world will cost no more than coffee and donuts," he emphasized.

Bugaboo of Socialism

Saarinen admitted that the bugaboo of practical socialism had also gnawed away at support for the Communists. "The socialist countries have not been attractive enough. The Polish situation, for example, has certainly not created a favorable climate for socialist thinking."

In the Christmas edition of KANSAN UUTISET Saarinen wrote: "As a young communist I imagined that socialism would, among other things, eliminate prostitution. Later I was disillusioned on that point too."

"I'm not disillusioned with socialism, but not everything has gone as I imagined it would," he explained. "The same holds true for other communists and socialists too."

"Prostitution, religion, the military establishment — socialism has been incapable [of changing] people's ancient patterns of behavior."

How then might the SKP combat the bugaboo of practical socialism?

According to Aarne Saarinen, the failings of democracy in the socialist countries stem from the fact that socialism has not sufficiently evolved in them.

"It has continuously been built on the basis of undemocratic systems whose traditions are extremely strong. Furthermore, it has been implemented in countries that were originally weakly industrialized."

"There have been a lot of misconceptions. It seems that in Finland socialism and the Soviet system are fully identified with one another. But in Hungary and Yugoslavia we can see how a socialist democracy can evolve."

According to Saarinen, the socialist countries' material and democratic development would be accelerated if a new, lasting period of detente were to begin in the world.

Saarinen was of the opinion that many fear that, especially in the present tense worldwide situation, Finland might lose its independence and sovereignty.

Is this an unfounded fear?

"The communist movement operates on the premise that every country and party decides on its own affairs. Now that doesn't really prove much. But there is, however, a difference in kind between the Soviet Union and China, and Vietnam, Cuba and Yugoslavia are different."

"What is essential is how independently socialism is realized. If Finland independently switches to socialism in accordance with our platform, with the support of the majority of the nation, no one can demand that we join any bloc.

"Now the word, demand. An independent policy is, of course, a relative affair — one must take into account other countries and adjust to their policies," Saarinen specified, and added:

"That's how I would think if I were implementing a socialist Finland."

Some Expect Kajanoja Resignation

Helsinki UUSI SUOMI in Finnish 8 Jan 84 p 7

[Article by Kaija Lahteenmaa]

[Text] SKDL representatives believe that Jouko Kajanoja will be unseated as chairman of the SKP at the party congress to be held next May.

They feel that the strongest candidates for the chairmanship are the present first secretary of the SKP, Arvo Aalto, and ex-Communications Minister Jarmo Wahlstrom. Both SKP moderates and Stalinists are dissatisfied with Kajanoja.

They do not believe that Kajanoja will be reelected in the event that the so-called hardliners should form a majority with the Stalinists at the next party congress either.

SKP Split Possible

If the Stalinists succeed in determining the party line, according to SKDL representatives the present structures cannot be preserved.

Then the reformist moderates would unite with the socialists and the Stalinists would be left to test their strength alone.

No specific discussions with regard to splitting the SKP in two have been engaged in. It has so far been assumed that the reformists will get their line adopted at the party congress.

However, splitting the party has been discussed in private conversations.

In SKDL circles they can no longer believe in party unity. The only possibility they see is for the "more sensible Stalinist representatives" to separate themselves from the "wilder bunch" of Stalinists, which has happened in the world of academicians and students.

In the SKDL, however, they say that as long as there are "people from Urpojoki who instigate witch hunts," it will be impossible to achieve unity.

YHTEISTYO Has No Future

In the SKDL they do not believe that there is any future for the newspaper YHTEISTYO, the Stalinist-moderate compromise paper.

Readers have not received the paper enthusiastically and the number of subscribers has remained very small.

Nor have editors been willing to give up their own papers, KANSAN UUTISET and TIEDONANTAJA, either.

They say that the reason for chief editor Paavo Ruonaniemi's resignation in the spring was frustration: They could not get real editors, instead chiefly party functionaries.

Aalto: Minority Represents Past

Helsinki HELSIGIN SANOMAT in Finnish 9 Jan 84 p 9

[Article by Sven Wikstrom: "Aalto Urges Comrades to Unify SKP*"]

[Text] Kittila—SKP first secretary Arvo Aalto is urging his comrades to wage a final struggle to restore the party's vigor, unity and influence. The final deadline for unification is the 20th party congress to be held in May.

According to Aalto, their problems must be settled. "Continuation of the current course of affairs will lead the party to destruction. The final result will therefore be the same one we have tried to escape by avoiding tough approaches," Aalto said.

Speaking in Kittila on Sunday, Aalto ranked the SKP's coming 20th party congress in importance on a par with the CPSU's 20th party congress in 1956. At that congress the CPSU categorized Stalin's teachings as heresy.

In Aalto's opinion, the coming party congress ought to stay within the framework of explicit policy lines and decisions so that the strife and bickering will be ended and members' confidence in the party may be restored.

Aside from the Lapland members, the Helsinki district committee and the work committee participated in the seminar session organized by the SKP Lapland district at the end of the week in Kittila. Thus the SKP's two biggest and, in terms of the moderates, the two most important districts were assembled.

The discussion centered almost entirely about the threatening situation the SKP is in. "And about the course of action which we will soon come to regret," as Helsinki district representative Pekka Peltola affirmed.

According to first secretary Aalto, the Kittila event was a breakthrough for open discussion by members of the party line and alternative solutions. In addition to the party platform issues, members will get to direct this policy when, among other things, they choose their delegates to the party congress in the spring.

"True Unity"

In Aalto's opinion, members must be able to participate in the shaping of party policy simply because the common determination, unity and action of a party of the masses is not produced merely at the command of its leaders.

First secretary Aalto is urging that all issues giving rise to differences be discussed so that the division and strife that have been undermining the SKP and making it crumble can be eliminated. The goal must be true unity.

"TIEDONANTAJA's recent articles clearly demonstrate how easily vulnerable the kind of unity that is based on political and ideological unity is," Aalto said.

The speeches delivered at Kittila were relatively cautious and obviously avoided closing any door to a resolution of the unity problem. On the other hand, no alternative was found: Unification will have to be achieved at the party congress.

At Kittila no one even set about conjecturing what might happen if the dream of unification founders again. The rank and file have several months time to clarify the party's objectives, its policy, so that unity may be achieved when they approve the party platform. This is what the moderates are hoping for.

"SKP Cannot Rely on the Past"

Aalto predicted the future party line by, among other things, frequently repeating the need for the SKP to keep up with the times. "The SKP cannot resign itself to staring into the past, to the time when it was an underground organization or to postwar conditions," Aalto said. According to him, those who have grouped themselves about TIEDONANTAJA represent the past and the reality of that era. According to Aalto, that reality does not serve the interests of the workers today.

Also, according to first secretary Aalto, reality is forcing the SKP to evolve and keep up with the times it lives in, but consistently, as a modern Marxist party of the masses.

"Changes in external circumstances are influencing our operational objectives and methods of operation. They do not, however, pose a challenge to the need for this party," Aalto asserted.

When discussing Communist participation in a Left-Center government, in first secretary Aalto's opinion we must bear in mind how the interests of the working class can most effectively be promoted judging from the stage of development of the society. "How significantly the government takes a hand in the economic life of the country among other things depends on its political makeup," Aalto said.

If the SKP were to isolate itself from assuming responsibility in the government, it would at the same time isolate itself in terms of influencing the society. The SKP would thus be an outside observer and the first secretary does not see his party as such nor does he hope that it will become one.

"A political party that strives to change the society cannot detach itself from the prevailing reality." On the other hand, in Aalto's opinion it cannot conform to it either.

Kajanoja Tries Tightrope Act

Helsinki HELSINGIN SANOMAT in Finnish 15 Jan 84 p 32

[Article by Janne Virkkunen: "In Whose Factions, Jouko?"]

[Text] SKP chairman Jouko Kajanoja is walking a tightrope between the moderates and the Stalinists. He opposes unification of the divided party on the terms of the moderates.

The SKP chairman's office on the fifth floor of Helsinki's Culture House is impersonal, even bleak. It is hard to imagine that here is where the revolution to destroy Finland's affluent capitalists could be planned.

Revolution is certainly not even planned, although sometimes the dreaded SKP under Jouko Kajanoja's leadership is in the habit of talking about it. Right now the Communists have quite enough to keep them busy settling their internal quarrels.

Recently 41, Kajanoja is a political science candidate and economist. He looks like an uncommonly little-bruised politician whose position and political future will be decided on at the 20th SKP Congress.

Kajanoja was surprisingly elected from the sidelines in the confusion of the race to become chairman of the SKP at the spring 1982 special party congress. Since then he has adopted a hopeful attitude toward the development of the party. The SKP has indeed been developing internally all along and it may yet at some time grow into a more united SKP than it is now. Political defeats on all fronts, however, have forced it to look at the world as it is, not as it would like it to be. As a Communist alternative, this means withering away into a small, orthodox party.

Kajanoja differs from his predecessor, Aarne Saarinen. Kajanoja is cautious. Just a couple of years ago Kajanoja spoke out plainly on matters, but now he has become cautious, suspicious. The SKP chairman wanted to examine and correct the interview so that the "wrong associations" would not be attached to what he had to say.

Kajanoja reminded us of the case of Mikko Kuoppa. According to Kajanoja, on the MTV [expansion unknown] news they got Stalinist member of Parliament Kuoppa to demand military consultations with the Soviet Union by later substituting another question, attributed to Kuoppa, for the question on consultations.

A power struggle has been raging within the SKP ever since the Stalinists, led by Aimo Aaltonen, lost the party to Saarinen and his pals in 1966.

Since then the party's moderates and Stalinists have fortified their positions:

The moderates have nine districts and the Stalinists eight. Nor will this setup change in the March election when the party congress delegates are chosen.

At the 20th party congress they will try to find an answer to the question of two alternatives: Will a "new majority" be found in the party, one which by cutting out the uncompromising elements might create a "new, more united" SKP and restore its ability to act to a paralyzed Central Committee or is the old majority capable of uniting its ranks and in this way realigning the minority?

The majority faction's uncompromising wing has been derogatorily dubbed the hard line by the Stalinists. The minority's uncompromising forces have coiled themselves around TIEDONANTAJA. Minority leader Taisto Sinisalo is regarded as a shrewd, self-possessed man.

Chairman Kajanoja is walking a tightrope over the no-man's land between the conventional moderates and the Stalinists. Now there is also talk of "Kajanoja-ism."

In the mouths of some moderates that is a dirty word which means that the party is gradually slipping into the hands of the Stalinists.

Kajanoja has chosen his path. He will not give his approval to a restoration of party discipline by majority decisions. Not even Saarinen, who was firmly seated as the Communist lead man, succeeded in doing that.

If tough methods are used on the Stalinists, they would lead to a victory by the old majority and the danger of a party split. Kajanoja can certainly not participate in such an approach. That is why he is walking a tightrope between the two factions. Kajanoja recognizes the existence of the factions, but he does not want to adapt to them.

Terms Rejected by Kajanoja

Kajanoja avoids using the terms: party split, majority and minority, which have been in everyday, public use with reference to the Communists for what will soon be 20 years now.

"It's wrong to observe the situation the party is in from the viewpoint of a power struggle between power and party factions.

"If we think in that way, we are endorsing a game policy and that concept for our party, and we view it from that standpoint. We shouldn't do this."

Kajanoja spoke with fervor of party members' independent power of decision, of the rise in the consciousness level of his masses. In his opinion, their recent development has strengthened their ability to take a stand on issues. "The responsible party leadership can operate on the assumption that it is creating conditions that are as good as possible for members to make their own personal decisions."

But do party majority and minority district secretaries hold their own meetings?

"There are certainly many sorts of meetings, certainly horizontal as well as many kinds of activities. It's a good thing that it is that way too. It's a good thing that there is interaction between people. We have to try to see to it that everyone participates in discussion that as many-sided as possible and that he forms his own ideas about issues on the basis of information. Real activity within the party has moved in a direction in which there are more and more opportunities for this."

According to Kajanoja, a visible example of this is the SKDL parliamentary delegation, in which "there has been positive development since at least the 1981 party congress."

It was precisely the parliamentary delegation that was the symbol of the SKP split throughout the entire 1970's. The delegation's moderate members were in the government and its Stalinist members in the opposition. Matters even went so far that the Stalinists drew up a parallel proposal for the government budget.

Kajanoja's competitor, first secretary Arvo Aalto, has demanded that the conditions be created for the Communists to be able to get back into the government following the communal elections.

Kajanoja does not believe in a quick return. According to him, the opposition is a natural place to be in because "government policy has shifted toward a weakening of earning power, a reduction of real income and above all class differentiation."

The last vote on arms appropriations in the fall of 1982, when the Communists walked out of the government, was merely the straw that broke the camel's back, Kajanoja said, and felt that SDP [Social Democratic Party] and centrist policy had gone so far to the Right that there were no longer any opportunities for cooperation in the government.

The SKP chairman asserted that all Communists in principle support cooperation in a Left-Center government. "The issue must, however, be viewed from the standpoint of whether the conditions for a progressive policy that will produce more justice and expand democracy exist."

Is it possible that the change the SKP wants might take place?

"Now if we take an honest look at the political atmosphere and Parliament's behavior, for example, in connection with the budget debate, it doesn't seem very likely in the near future."

If a decision on the government were to present itself, would the split surface again?

"The government issue has for a long time now raised different ideas and views in the party and it will certainly do so in future as well. In this respect the situation in the party has developed in a direction that is in accordance with objectives. Party members more and more independently obtain information from many sources and discuss many issues among themselves, weighing their views on the issues. We're getting away from permanent factions. As you might expect, this also applies to the government issue."

Decisions Promoted by Kajanoja

Among SKP moderates the Stalinist organ, TIEDONANTAJA, the merger of which with the new party newspaper, YHTEISTYO, they have no confidence in, is regarded as the highest threshold of unification. TIEDONANTAJA staff members have announced that the paper will in any event be published, even if only as a district paper.

Last fall Kajanoja pushed the newspaper decision through in the Central Committee. According to it, TIEDONANTAJA should be merged with YHTEISTYO by a party congress decision. The matter will come up again at the Central Committee meeting in February.

Kajanoja reminded us that 46 of the 50 Central Committee members backed the September decision. "I'm sure that those 46 are ready to implement the decision," Kajanoja said.

He said that he believed that TIEDONANTAJA would be merged with YHTEISTYO if the paper on the whole survives after the party congress. "The Central Committee decision is an integral whole that shows the party the possibilities for favorable development. As part of that decision, the decision involving the merger of TIEDONANTAJA is quite clear."

Kajanoja was unwilling to talk about decisions on candidates. He did, however, say that he was ready to stay on as chairman if he is asked to do so. "I only hope that every leadership post is really weighed in the balance at the party congress."

According to Kajanoja, the right time to decide on candidates is not until early April when the participants in the party congress have been chosen.

In Saarinen's time the moderates felt that the main reason for the SKP party dispute was organizational disintegration, which could be ended by a restoration of organizational discipline, by threatening the Stalinists with expulsion if they did not comply with party decisions.

Kajanoja is closer to the Stalinists when he says that the original reason for the dispute had to do with ideological policy. "Changes had taken place in the society which people viewed differently. They really had different conceptions of them than those of Communist policy. They couldn't reconcile them, nor at the same time was there enough interaction."

"If we express this in a couple of words, it probably had something to do with ideological policy."

In Kajanoja's opinion, however, problems cannot be solved with upper level organizational maneuvers, but by adapting Communist principles to today's situation and getting Communists to discuss matters so that a common view of affairs results.

Kajanoja wants the SKP to act in such a way that justice will increase in this society, people's social awareness will increase and the conditions for revolution will thus be created.

"This is the basis on which the party operates, not just support. The party is not a Gallup-poll party. Support is, of course, important, but not decisive. If that were so, all parties would be the same and would compete for the same voters."

In Kajanoja's opinion, the parties are getting to be more like one another in this society. "The only exception is the SKDL-SKP. It's just this fact that demonstrates that we are no Gallup-poll party," he said.

The SKP has in its neighbor a powerful brother party, the CPSU, which has influenced and will in future continue to influence the development of the SKP.

Kajanoja assured us that the conventional claim that the SKP is dependent on Moscow is false. "I can say that the CPSU hopes for unity. But, as I said, the issue is not theirs to decide; we have to handle that job."

During the conversation with Kajanoja every now and then revolution and revolutionary activity cropped up briefly. After all the chairman has also been covertly criticized for his revolutionary ranting.

What is revolution today?

"In our daily lives today the cause of revolution is furthered by the fact that justice is increasing, class differences are diminishing, democratic activity is growing and people are more than before influencing issues and their own affairs, awareness is growing and we are trying to change those existing power structures that are obstacles to development," Kajanoja once again explained.

Communists Lack New Ideas

Helsinki HELSINGIN SANOMAT in Finnish 14 Jan 84 p 2

[Editorial: "Basic Communist Plans Are the Same As Before"]

[Text] The 20th SKP Congress is to be held in May. In speeches that are being made in public we can even now see that different kinds of truth are waging a fierce struggle for minds among extreme-Left party members. Although the congress is still a long way off, moods are electrically charged.

A week ago in this newspaper Aarne Saarinen dictated the policy line with the outspokenness of a former chairman and Politburo member. He fears that some people are at the present time trying to unite the SKP on terms set by the party's minority faction in particular.

In other words, the Stalinists are using the chairman, doomed as far as his post is concerned, and his supporters as a shield to cross no-man's land. Saarinen has a clearcut model for action: The moderates would retain their position with the authority to dictate the content of decisions and would no longer need the "meaningless compromises" of past years.

More nasty lessons were heard from first secretary Arvo Aalto's lips at the seminar in Lapland. According to him, fostering formal unity constitutes a source of incompetence. "Continuation of our present course of action will lead to the destruction of the party. So the final result, which we have so far escaped by avoiding tough approaches, will be the same."

At the same time the Communist rank and file have initiated discussions on the platform issues that have just been drafted and on the basis of which they plan to carry out the party's future political policies. The new party platform will also gradually evolve from these, to be approved at the 21st party congress 2 years from now.

The SKP issues published in KANSAN UUTISET are principles, an ideological porridge of hard truths from which the most controversial spices have been omitted. Democratic change is still built on the indispensability of a change in the awareness of the broad masses of the people, common action and organizational ability.

A battle is simultaneously being waged over the existence of YHTEISTYÖ, which was created by last September's decision on the press. Those who from the start doubted its survival potential are probably right. Intended to serve as the herald of unity, the party organ does not give the impression that it is capable of surviving.

According to TIEDONANTAJA, on the other hand, the "final struggle" to combat the development of party unity has begun. That paper is subjecting the first secretary's ideas to downright crushing criticism. As for Saarinen, he has not hesitated to refer to TIEDONANTAJA as "a force that vehemently supports disunity."

Under the present circumstances SKP chairman Jouko Kajanoja's position is not an enviable one. He nevertheless has the job of necessarily maintaining optimism in connection with unification, even though today's realities speak a quite different language.

Power Fight Expected at Congress

Helsinki HELSINGIN SANOMAT in Finnish 21 Jan 84 p 8

[Article: "345 Participants to Attend Communist Party Congress"]

[Text] The relative strength of the SKP at the May party congress is gradually beginning to take shape. The SKP party bureau has managed to calculate the

number of congress participants. According to it, a total of 345 official congress delegates will arrive at the 20th SKP Congress.

The participants will be definitively chosen in a member vote that will be concluded at the end of March. They will elect 195 congress delegates from the traditional moderate districts and 150 from the Stalinist districts. The moderates control nine district organizations and the Stalinists eight.

Exceptional excitement is associated with the election of congress delegates this time because a power struggle is going on among the SKP rank and file. Under the leadership of first secretary Arvo Aalto, traditional moderates are trying to rally their ranks and, as for the Stalinists, they are on their guard. Chairman Jouko Kajanoja is walking a tightrope between the two factions.

The SKP Politburo will confirm the number of congress participants next Wednesday. At the same meeting they also intend to review the Politburo's recent decision to interfere with the right of party cell members expelled from the Lapland district to participate in the election of party congress delegates, which will be concluded between March and April.

The number of party congress delegates has been sharply reduced as a result of the membership card exchange conducted in the SKP. In connection with the exchange concluded last summer, SKP membership dropped from about 50,000 to 33,000 members.

At the SKP congress 2 years ago there were over 500 delegates. This time there will be 345. According to SKP rules, a district gets one delegate for every 100 members.

Saarinen Demands 'Purge'

Helsinki HELSINGIN SANOMAT in Finnish 22 Jan 84 p 3

[Text] In the opinion of former SKP chairman Aarne Saarinen, there is reason to conduct a "more thorough purge" in the party.

Saarinen said that the SKP has not been purged during its entire 66-year history, which is why "so much dust and dirt have accumulated that the air has gotten very musty." He longs for new forces in the party "instead of musty orthodoxy and needless ranting."

Saarinen demanded that the Stalinists be purged from the party in his column in KANSAN UUTISEN VIIKKOLEHTI on Saturday.

Still a party leader, 70-year-old Saarinen called the SKP a "stronghold of bickering" in which there has been no united determination among its members in almost 20 years now. He does not believe that unity will be produced during the discussion of the party platform preceding the congress either.

SKP first secretary Arvo Aalto did not want to comment on Saarinen's speech. In the heated struggle before the May party congress Stalinist Esko-Juhani Tennila has already demanded that Aalto be replaced by SKDL parliamentary delegation chairman Veikko Saarto.

Saarinen has hung out his flag for Aalto's chairmanship. According to Tennila, the Stalinists are backing chairman Jouko Kajanoja's reelection.

Saarto Refuses Secretary Nomination

Helsinki HELSINGIN SANOMAT in Finnish 24 Jan 84 p 9

[Text] SKDL parliamentary delegation chairman Veikko Saarto does not intend to run as a candidate for first secretary of the SKP during the May party congress. Saarto said that he is not available for the job.

Saarto said that he was not trying for the SKP chairman's seat.

Member of Parliament Esko-Juhani Tennila, who belongs to the SKP Stalinist minority, recently nominated Saarto as a candidate for the post currently occupied by SKP first secretary Arvo Aalto. Tennila continued to nominate Jouko Kajanoja for the chairmanship.

Saarinen Attacked by Stalinist

Helsinki HELSINGIN SANOMAT in Finnish 31 Jan 84 p 11

[Article: "SKP Information Secretary: Aarne Saarinen Away From the Public Eye"]

[Text] Known as the SKP's top ideologist, information secretary Erkki Rautee hopes to put an end to Aarne Saarinen's public appearances. In his opinion, Saarinen's activities are in no way helping the Communists.

"As an old stoneworker, he knows how Finns feel about epilogues. Saarinen had his chance in his time," Rautee said and called Saarinen's outspoken statements "coquetry."

In his interview published in TURUN SANOMAT Rautee also criticized some Communist leaders for emphasizing personal issues.

Former SKP chairman Aarne Saarinen recently proposed that first secretary Arvo Aalto be chosen to be party chairman. As for Stalinist Esko-Juhani Tennila, he proposed that the first secretary be replaced and nominated Veikko Saarto for the post.

As for Rautee, he censured Aalto for urging the party to join the government, which he believes bother other Communist leaders too.

Rautee is very satisfied with current chairman Jouko Kajanoja's performance, although is "administrative leadership methods don't always work." According to Rautee, Kajanoja has thrown himself courageously into the game.

According to Rautee, the Communists cannot talk of closing down the party's Stalinist paper, TIEDONANTAJA. "That would irritate those workers that are involved in TIEDONANTAJA."

In accordance with the decision reached last fall, TIEDONANTAJA was to be absorbed by YHTEISTYO, which was established as a Central Committee press organ.

Minority Press Organ Attacked

Helsinki HELSINGIN SANOMAT in Finnish 26 Jan 84 p 6

[Text] On Wednesday the SKP Politburo decided by a vote of 5 to 4 that the Stalinists must give up their weekly paper established in Vaasa. Aimed at putting an end to parallel operations, the vote involved TYOVAEN POHJANMAA, which was founded as Stalinist Sten Soderstrom's mouthpiece.

The decision to vote was reached during the fourth round of discussions. The discussion of the paper, which was founded over a month ago, at the previous Politburo meeting ended in confusion. Because chairman Jouko Kajanoja was absent, Stalinist Veikko Alho, who led the discussion, refused to pound his gavel confirming the decision that condemned the founding of the paper as a disruptive operation. The decision was reached on Wednesday under the leadership of Kajanoja, who had returned from his vacation.

Stalinist leader Taisto Sinisalo, who had returned from a lengthy trip to the Soviet Union for reasons of health, was also at the meeting.

The decision to vote was reached with the moderates and Stalinists' usual boundary surveying. Moderates Aarne Saarinen and Arvo Kemppainen were not present. Kemppainen managed to get away before the vote.

The SKDL press organ, KANSAN AANI, which in the opinion of the Stalinists did not make room for parliamentary representative Soderstrom, has appeared in Vaasa before.

Whole Press Issue Before the Central Committee

The whole SKP press issue will be aired before the Central Committee on 25-26 February. The plan was to merge the Stalinist TIEDONANTAJA with YHTEISTYO, established as the press organ of the Central Committee. YHTEISTYO has now been appearing once a month, but it has not received many subscriptions.

The Stalinist minority has opposed the absorption of TIEDONANTAJA. Chief editor Urho Jokinen, for example, has justified publication on the grounds of a district organization's right to publish.

SKP chairman Jouko Kajanoja believes that last fall's decision on the press will be carried out.

Kajanoja was unwilling to assume a position on the chairman and first secretary issue. Kajanoja would like to stay on as chairman, but feels that the choice is the job of the congress delegates. The SKP party congress will be held in May.

Last week former SKP chairman Aarne Saarinen proposed that first secretary Arvo Aalto be elected chairman. As for Stalinist Esko-Juhani Tennila, he proposed that the first secretary be replaced by SKDL parliamentary delegation chairman Veikko Saarto.

Lapland District Next Week

The question of the participation of the party cells expelled from their district organizations in the nomination of the candidates and the voting was postponed until next week.

The Lapland district expelled two cells that had supported Stalinist Esko-Juhani Tennila in the parliamentary elections before the last ones. The Helsinki district, on the other hand, was not concerned over the Finnish Broadcasting Corporation cell.

In the vote last December Kajanoja and Tutta Tallgren joined forces to support the Stalinists on the district organization issue.

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CSO: 3617/76

CONSERVATIVE PARTY RECOVERING AFTER LOCAL ELECTION LOSSES

Factors in Election Defeat

Oslo AFTENPOSTEN in Norwegian 28 Jan 84 p 3

[Article by Henry Valen: "What Happened on 12 September?"]

[Text] The Progressive Party won overall, the Conservative Party lost overall. And the Labor Party's success in the 1983 election was mainly due to the shifts in voter participation--these are among the conclusions of the investigation into the election. The investigation undertaken by NOI [Norsk Opinionsinstitutt] and AFTENPOSTEN in November shows that the election campaign of 1983 put domestic political questions such as employment, care of the elderly and health care in the forefront. As the leading government party the Conservatives lost that debate. At the same time the party was hit by disappointed expectations tied to questions about tax reductions, reduction of public expenditures and reduction of bureaucracy. But the material gives little information about the shifts of votes which actually took place in the election, and how these are tied to the voters' views on the different questions.

A supplementary analysis indicates that the success of the Progressive Party was largely due directly to shifts from the Conservatives, that the success of the Labor Party was largely attributable to changes in voter participation, and that the Conservatives lost through all types of changes.

Changes in the parties' strengths from election to election can be caused by three factors: First, the balance in shifts back and forth between the parties among the voters who participate in all elections. Second, the balance for the individual parties in the shifting in and out of the nonvoters. And third, renewal of the voting group, or the balance in voting between first-time voters and people who die during the course of the voting period.

Aided by an investigation carried out by the Institute for Social Research and the Central Statistical Bureau, it has been possible to study the first

two factors. A nationwide sampling was interviewed in connection with the election of 1981, and the sampling was later written to about its voting in the election of 1983.

Of the voters who voted both in 1981 and 1983, 82 percent voted for the same party in both elections. As usual the shifts went in all directions. But most of the shifts happened within the main political groups: the socialist parties, the middle parties and the two parties on the right. The main tendencies are illustrated in the table below, which shows the net shifts between the groups.

<u>1983</u>	<u>Socialists</u>	<u>Middle Parties</u>	<u>Right Parties</u>	<u>Total</u>
Socialists	42.0	1.1	1.3	44.4
Middle Parties	1.5	18.9	1.7	22.1
Right Parties	1.8	2.3	29.3	33.4
Total	45.3	22.3	32.3	100 %

The socialist parties have a slight gain in relation both to the middle parties and the parties on the right. Similarly the middle parties have gained a little in relation to the parties on the right. The table therefore shows a rather slight movement toward the left among the active voters. But the movement is far from sufficient to explain the election defeat of the Conservatives. This impression is still clearer when we look at the balance in shifts for the individual parties. The Conservatives are the only party which has a serious loss, and most of the shifts have gone to the Progressive Party, while the net shift from the Conservatives to the other parties is small. For example, it is surprising that the Labor Party, which was one of the election winners, has such an advantage over the Conservatives, the Progressives, the Christian People's Party and the rest in relation to the other parties. On the other hand the Progressive Party, the other winner in the election, derived a significant advantage from the shifts, and almost the entire gain came from the Conservatives. Of the Progressive Party voters in 1983, 40 percent voted Conservative in 1981. It is also worth noting that there were almost no shifts between the Progressive Party and the middle parties. On the other hand there were people who shifted back and forth between the Progressive Party and the Labor Party.

Nonvoters

What does the decline in voter participation from 1981-1983 mean? The NOI poll in November indicates that the various parties were hit equally hard, meaning that when the questioned groups gave up voting in 1981, the non-voter percent in 1983 was about the same for all the party groups. A corresponding result has come from other polling institutes. The investigations are somewhat more accurate on this point, in that the results for 1981 were derived from interviews which were taken just after the election. The result is shown in the table below, which shows the percent of nonvoters in 1983 in relation to 1981:

<u>Party</u>	<u>Percent Nonvoters</u>
Labor	14
Progressive	20
Conservative	18
Christian People's	13
Center	12
Socialist Left	17
Liberal	12

Variations between the parties are not great, but are statistically asser-
tive. The share for the Conservatives is 4 percentage units higher than
the Labor Party. Less surprising is the relatively large figures for the
Progressive and Socialist Left Parties. Both of these parties received
good support by first-time voters in 1981, a group which is noted for low
political involvement. It is not, however, enough to look at the extent to
which former voters have become nonvoters. Just as important is the move-
ment in the opposite direction. According to the investigation, 45 per-
cent of the 1981 nonvoters voted in 1983. Of those newly activated, about
half went to the Labor Party, while the Conservatives received only 15 per-
cent and the Progressive Party received 9 percent. The strength of the
Labor Party is related to the fact that some of the party's old supporters
did not vote in 1981. Two years later they were activated. The result of
these swings is to give an artificial balance in favor of the Labor Party.
The number of the party's newly mobilized supporters in 1983 was somewhat
lower than the number of Labor Party voters of 1981 who did not vote in
1983. The proportion between the two groups was for the Labor Party as
10:18 against 10:33 for all the other parties. For the Conservative Party
the proportion was 10:60. The decline in election participation gave in-
direct gains to the Labor Party, and to a certain extent to the Progressive
Party, but gave the Conservatives a considerable loss. For the other par-
ties it was largely neither a loss or a gain.

There is not sufficient data on the voting by first-time voters. We can
therefore not determine the effect of the renewal of the voting body.

Student votes indicate, however, that the Labor Party, which was especially
unpopular with the young in 1981, gained increased support in 1983. There
was also success for the Progressive Party, but a marked decline for the Con-
servatives. The last tendency is confirmed by the material from the bureau.
The Conservatives had a decline of all of 10 percentage units in the age
group 20-30 from 1981 to 1983, while the decline was much more moderate
within other age groups. The material indicates that it was the Progressive
Party, the Red Election Alliance and the Socialist Left that gained the most
among the young.

On the other hand the Labor Party had its greatest success in the age group
30-50.

Conservative Losses Overall

The material also indicates that the Conservatives lost in all three change factors. The Progressive Party had gains in all three, but the party's success was due mainly to the massive shift from the Conservatives.

The Labor Party's success has its explanation mainly in the shift in voter participation.

How then to explain the shifts from NOI's poll in November? It is impossible to undertake a direct test. But the previous analyses indicate two conclusions. In the first place, the shifts from the Conservatives to the Progressives mainly resulted from disappointed expectations among previous conservative voters about tax reduction, reduction of public expenditures and simplification of the public bureaucracy. In the second place the Labor Party's success has its background in an activation of the party's voter support through fear of unemployment and interest in social questions such as care for the elderly and public health service.

The ideological basis for the conservative wave is still strong. It is expressed, among other things, in the desire for lower taxes, less bureaucracy and lower public expenditures. People with such views are still mostly drawn to parties on the Right. The slight shift toward the Left in the election of 1983 among active voters appears to have been conditioned on the protest attitudes mentioned. On the other hand the material indicates that the 1983 election campaign led to voter awareness of the connection between taxes and public expenditures, mostly for social purposes and employment measures. And in that debate the leading opposition party took the most hits.

Voters Returning to Conservatives

Oslo AFTENPOSTEN in Norwegian 25 Jan 84 p 3

[Article by Kjell Harberg: "Voters Drifting Back to Conservatives"]

[Text] The voters are slowly drifting back to the Conservative Party. That tendency in opinion polls in recent months is confirmed in the poll on voter stability by NOI and AFTENPOSTEN. After reaching bottom in October with a voter stability of 62 percent, the Conservatives are now up to 70 percent, according to NOI's December poll. Weakened voter stability is now hitting the Center Party and the Christian People's Party harder.

The figures for voter stability from May to December last year came from the below table. While the development from October to December is clearly

positive for the Conservatives, there is a declining tendency for the Labor Party. Only for these two parties does NOI's poll give sufficient basis so that the figures can be considered important. The figures for the individual months for the different parties are built on so few interviews that the uncertainty is great. Also a development can be detected here which reveals that neither the Center Party nor the Christian People's Party can hold onto more than about two-thirds of their 1981 voters. The Labor Party all last year had a voter stability of over 80 percent.

Of the men questioned, 502 in all, there were 63 percent who in December answered that they would vote for the same party as in 1981. Twelve percent would possibly vote differently, 4 percent said that they surely would vote for another party than they did at the last parliamentary election, and 18 percent were unsure.

Just as many women were questioned. Here 66 percent answered the same party, 11 percent answered perhaps another party, 4 percent certainly another party, 4 percent would not vote and 15 percent were unsure.

The younger voters made a large impact on the poll. Only 35 percent of the voters under 30 said that they will vote for the same party as the last time if there were a parliamentary election now. Fourteen percent answered that perhaps they would vote for another party, 4 percent certainly would do that, and 38 percent were unsure.

It was the opposite with the older voters: In the age group 30-59, 74 percent would remain with their 1981 party, increasing to 84 percent in the age group over 60 years.

Corresponding differences are found among the voters in town and country. While the voters in the larger cities said that by 64 percent they would vote for the same party as in 1981, there were only 56 percent of the voters in the towns and built-up areas who would stick with their "old" party. But among voters in less populated areas there were 79 percent who would vote as they did in 1981. In the country the differences were, however, small: from 61 percent in Trondelag/North Norway to 67 percent in Oslo/Akershus said that they would vote the same as in 1981.

Voters in the high-income groups are more inclined to shift parties than voters with low incomes. Among those with incomes over 160,000 kroner, 58 percent remain with their 1981 party, while 73 percent of those with incomes below 100,000 would vote as before. The uncertainty in a party election is now rising in step with increasing income.

Among the Labor Party voters there are 3 percent who have decided to change parties now, while the numbers for the other parties are: Progressive Party 6 percent, Conservatives 7 percent, Christian People's 0, Center Party 7, Socialist Left 7 and Liberals 2 percent.

Question: Did you vote in the parliamentary election of 1981? If so: If there were a parliamentary election tomorrow, is it absolutely sure that you would vote for the same party as the last time, or would you consider if you perhaps should vote for another party, or are you sure that you would vote for another party, or would you perhaps not vote, or are you uncertain as to what you would do?

Percentage number of party supporters from 1981 who are sure they would vote for the same party in a parliamentary election held tomorrow:

<u>Party</u>	1983			
	<u>May</u> <u>%</u>	<u>Aug</u> <u>%</u>	<u>Oct</u> <u>%</u>	<u>Dec</u> <u>%</u>
Labor	81	81	88	84
Progressive	63	59	59	66
Conservative	74	72	62	70
Christian People's	69	70	84	76
Center	71	73	88	76
Socialist Left	71	68	83	75
Liberal	57	39	56	77

The numbers apply to a parliamentary election.

The numbers interviewed are about 300 for the Labor Party, and 250 for the Conservatives. For the other parties the basis was less than 100, and therefore the results are uncertain for each month.

Norsk Opinionsinstitutt A/S

Large Gain in January Poll

Oslo AFTENPOSTEN in Norwegian 4 Feb 84 p 3

[Article by Egil Sundar: "Clear Conservative Success"]

[Text] The Conservatives made a significant leap forward and are probably on their way to their old heights. At the same time the Labor Party is going backward. Those are the most important conclusions that can be drawn from the opinion poll which Norsk Opinionsinstitutt made for AFTENPOSTEN during the period 15-25 January. Another main conclusion from the poll is that the Progressive Party is gradually losing ground, parallel with the success of the Conservatives.

Half of the statistics were obtained before the Treholt case, while the other half are the first voter reactions after the disclosure of the greatest spy

case in Norwegian history. One can hardly overlook the fact that Treholt's connections to the Labor Party will have a negative reaction for the party, and that is also the reason why our largest party has again come in under the 40's. For January the Labor Party has a count of 39.8 percent, against 40.1 in December, 40.3 in November and 41 percent in October.

In other words the voting for the Labor Party shows a mild decline, something that can have several causes. A proximate conclusion seems to be that the party's unrestrained agitation against everything that the present government undertakes does not have the long time effect which Gro Harlem Brundtland and her party colleagues have counted on. As to the Treholt affair and the implications it has for the Labor Party, the poll in February will give a better basis for judging how most people see this question. If it should be a further defeat for the Labor Party, this would hardly come as a surprise for political observers.

The biggest outcome of the latest poll is in the government Conservative Party, which in January had the support of 27.4 percent, compared with 25.2 percent in December, 24.9 in November and 23.9 in October. In the municipal and county elections in September the Conservatives received 26.2 percent of the votes.

In other words Willoch's and Benkow's party is in the process of recapturing lost strongholds. Many of those who in recent months have been oriented away from the Conservatives are clearly on the way back. That is probably because the alternatives and the political main lines have gradually been drawn clear in the running debate about the key problems in today's society. And the closer to the election we come, the Conservatives will be sure that the differences between a socialist and a nonsocialist policy will become more clear also.

The increased adherence to the Conservatives must be seen in connection with the falling tendency of the Progressive Party. Carl I. Hagen's party in January could see 7.2 percent, against 8.2 percent in December and November, and a record count of 9.5 in October. The strong, immediate reaction to the national budget and the automobile fees came into focus at the same time as other problems were attracting greater attention. But the Progressive Party still has an interesting position in the political picture, and with the party's vote of confidence it obviously hopes that it will be more interesting after the next election.

Thanks to the Conservative Party's success the government coalition has strengthened its position since the last opinion poll. The situation is unchanged for the Christian People's Party with 8.7 percent, while the Center Party has 6 percent, against 6.5 percent the last time. The three government parties have a total of 42.1 percent, against 40.4 percent in the last poll. The Labor Party and the Socialist Left can together see 45.5 percent, against 45.3 percent the last time.

It can also be reported that the Liberals noted their 100-year jubilee with a voter support of 3.5 percent, while the party had 4.3 percent the month before. The Liberal People's Party now has 0.3 percent.

Question: If you were to vote in a parliamentary election tomorrow, which party would you vote for?

Party		Parl. Elec. 1981 %	1983 Jun %	Oct %	Dec %	1984 Jan %
Labor	(A)	37.1	36.9	41.0	40.1	39.8
Liberal People's	(DLF)	0.6	0.5	0.6	0.4	0.3
Progressive	(FP)	4.5	5.3	9.5	8.2	7.2
Conservative	(H)	31.8	31.8	23.9	25.2	27.4
Christian People's	(KRF)	9.4	8.3	7.6	8.7	8.7
Communist	(NKP)	0.3	0.2	0.4	0.4	0.4
Red Alliance	(RV)	0.7	0.7	1.0	1.1	0.7
Center	(S)	6.6	5.9	6.8	6.5	6.0
Socialist Left	(SV)	5.0	6.0	5.7	5.2	5.7
Liberal	(V)	3.9	4.0	3.5	4.3	3.5
Others		0.2	0.2	0.0	0.1	0.4
Total		100.1	99.8	100.1	100.2	100.1
A + SV		42.1	42.9	46.7	45.3	45.5
H + KRF + S		47.8	46.0	38.3	40.4	42.1
A + SV + RV + K		43.1	43.8	48.1	46.8	46.6
H + KRF + S + DLF + V + FP		56.8	55.8	51.9	53.3	53.1

The figures indicate how many would vote in a parliamentary election tomorrow, of those who surely would vote. It was also asked which party they voted for in the parliamentary election in 1981. The differences between the individual party results to this question and the actual election result in 1981 are used as weight factors.

The results are based on interviews with 908 authorized voters during the period 15-25 January 1984.

Oslo, 3 February 1984
Norsk Opinionsinstitutt A/S

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CSO: 3639/67

INTERVIEW WITH POPULAR ALLIANCE LEADER FRAGA

Madrid ABC in Spanish 26 Jan 84 pp 44-45

[Interview with Manuel Fraga, leader of Popular Alliance (AP), by L. Palma and J. A. Sentis]

[Text] He walks slowly and silently across his spacious office to the impeccable plush sofa, that imaginary path he has followed so many times in his mind, concerned or thoughtful, in the few moments when the telephone is not ringing and the door still. He sits down, crosses his legs, folds his hands or gestures. Tomorrow is the beginning of the Sixth Congress of the Popular Alliance. This major event in Barcelona is said to mean the first "apotheosis" of Manuel Fraga since the establishment of the democracy. He has returned from a trip and tells of his experiences. He speaks of Romania, of the problems in Israel, mingling phrases, proposals, facts and events, casually and with good humor.

AP members, especially the older ones, who have known times in the desert and defeats, will still recall the first leap forward of the party when, starting with a tiny band, became the first opposition force and government alternative. That is why *Aliancistas* have in Fraga the presence of a charismatic leader. Now, Manuel Fraga, calm and apparently patient, although with new vigor, is thinking about the future, viewing the consolidation of the two-party system as imminent -- the system that has been the axis of his political action -- and follows with conviction his wager on a combination of liberal and conservative forces putting together the non-socialist elements of Spain.

Consequently, the congress will mean the exultation of Fraga, "Don Manuel," who at this point in his political trajectory looks at the future through the prism of experience, believing that "the Fraga of today could teach the Fraga of 20 years ago many things." At times, he surveys the horizon of political forces and circumstances, glimpsing the government he would propose. But the most immediate thing, the next national congress, is also analyzed by the AP leader in its significance and the consequences that might be derived from it, because the situation of the AP today is substantially different from that of the previous Congress.

"Yes, it is different. These two years have been very important. We have not stopped growing and we have gone from being a small party to the second political force in the country, and I hope that that will be for a very short time!

This gives the congress a very special significance because one has to recall that a party that calls itself conservative and reformist has a conservative and reformist congress also. Conservative, because it is based on the principle of continuity -- and because it has not gone so badly for us as we expected -- and reformist because one has to constantly keep up to date."

[Question] Will the party organization determined by the congress be the one that will go into the 1986 elections?

[Answer] Yes, if nothing special happens because it is highly likely that the elections will already have been held within 2 years and they will be faced by the team that emerges from here. In elections, the final days are important, but above all, it is the last 2 years that count, in which one has to act.

Controversy

One of the few aspects about the congress that has been debated was the appointment by Fraga of the persons who will be proposed in Barcelona to make up the party's Executive Committee. It is the only list with any possibility of success because it is promoted by Fraga and no one in the AP debates Fraga's leadership.

[Question] Did you personally choose the members of the next Executive Committee? Who advised you?

[Answer] Logically enough, I listened to everyone. You must remember that the main organ of the congress if the national leadership and all its elements, except for the Executive Committee, are "recycled" because they come from elections already held in provincial congresses. In other words, the most important organ, the one with power, is chosen from the rank and file this year. But the Executive Committee is the team of the person running for the office of prime minister. It would not be logical for the secretary general or the treasurer -- or persons with whom I have to handle matters every day -- to be outside of the normal team of this office.

Fraga explains that the expansion of the party resulted in the need to vary the size of the leadership organs and this change in the statutes brought about "the only complication I have had, or that we have had, this year." He says that the request has repeatedly made for the party to have a "more executive" Executive Committee, meaning smaller. Whatever the case, Fraga reminds us that he is "responsible for making a list and being open to seeing others do the same."

[Question] Do you believe others will be proposed?

[Answer] I personally believe that other lists may be presented, but I have to say that what I have never accepted has been for Fraga to be used at the top of several lists. Fraga has his team and, with all due respect intended, the others should find their own leader.

Successes and Failures

Fraga's political background is well-known. He has been in Spanish public life for many years, garnering support and rejection. He has been the subject of controversy and has had his ups and downs. He is the right man to speak of success and failure.

[Question] You always go out to win, but you have also known defeat. What have you learned from it?

[Answer] I do not always go out to win, but rather, to participate, to defend certain ideas and a type of society. Furthermore, you have to accept victory sometimes, but there are times when you do not achieve it. With respect to defeat, politicians can speak of it in their terrain, but all men experience it in life every day. Politics has a great deal of publicity, but we are all constantly learning. I have to say that I have no complaint to make about life because since I was a child, I have known both sides, health and sickness, good times and hunger.

Following the election defeat of 1979, Manuel Fraga announced that he would leave politics and withdrew for a few months, "where I found the time to write my memoirs."

[Question] Was that the worst time of your political life?

[Answer] No. I felt that I was doing my duty, but the party insisted that I return, although I asked for nothing. That left my conscience very clear.

[Question] What was your best moment?

[Answer] I believe that it is still ahead of us. I have had good times in my life, but I still do not believe I have achieved the most essential thing, which is giving Spain a serious, realistic, viable system of political forces that will make it possible for the institutions to operate, contributing to that system with the creation of a political force distinct from socialism. I believe that we are on the right path and the day we have achieved our goal, no matter who is in the government, I will feel satisfied.

Least Bad System

Fraga believes that the process is very advanced and he thinks that it will move ahead "above and beyond all the operations and maneuvers intended to harm it. He speaks of the two-party system as the "viable and reasonable system of political forces, the least bad system." a system that he does not deem completely consolidated and whose conclusion will be a "great moment" for Fraga.

[Question] You once said that politics meant having breakfast on a toad every morning.

[Answer] That was Antonio Maura's remark and he did not say precisely that. He said that in politics, one had to eat a toad every day. It is not only

that. If it were, it would not be pleasurable at all! I go to the small towns very often and I meet with those solid, firm people. You know, that helps prevent the toad you often have to swallow in the morning from giving you indigestion!

[Question] The majority party often criticizes the work of the opposition. What is your opinion? Are you satisfied?

[Answer] It is a very well-known tactic that when a party cannot say, just as the PSOE [Spanish Socialist Workers Party] cannot say, "I have kept my promises; I have created 800,000 jobs or solved the problem of terrorism," then something has to be said, such as "Others did not solve it either." Anyone does this, but not only do the people not believe you, not stand around with their thumbs in their mouths, but they tell you: "You didn't do it" and now we shall see whether or not we trust someone else. We are the alternative, but what is happening is that at times they say that we are a catastrophis opposition that refuses to dialogue, and at time, that we are soft, weak. Why don't they agree once and for all! We are a serious, responsible opposition, an opposition that does not use equivocal means. Consequently, we are very aware of what is going to happen to them, promising gold and the moon and now cannot deliver. We are serious.

No Dialogue

[Question] Has the opposition been trailing behind the government?

[Answer] No. Naturally, the opposition has the obligation to allow a government elected by the majority the chance to govern and we have never denied them that chance. Logically enough, the government has the initiative, but they take an approach that ia not quite democratic, that leaves little room for idialogue, thereby destroying part of the very essence of the parliamentary system. The day we come to power, we shall not tow the opposition behind us and the opposition will have opportunities, many more than it now has. For example, it will be able tp speak on television, something offered to us very little.

[Question] In what way has the government been mistaken?

[Answer] The government made a fundamental mistake in believing that on the day after it came to power, the people would forget what it had said and done before. As a result, while they told the Spanish people for a long time that they had been exploited by the companies, now they ask them to cooperate with those companies. They said they were going to do miracles in rural areas and the rural areas are giving what they can of their own accord. They said the public deficit was not large and now they say the opposite. They were forever criticizing all the measures of the government which they now intend to partially continue. Naturally, that is the big mistake: thinking the people have no memory, when they do.

Consolidated Democracy

[Question] Do you believe that the objective conditions favoring an involution have disappeared?

[Answer] I believe that democracy is already firmly established, that its basic institutions are solid. Many problems remain to be solved, including a very complex one: how to apply the state of the autonomies. But basically, I see no grave danger, except on one point, which is the general lack of security in which the country is now living, the lack of actual physical safety, including the problem of terrorism. These are the only serious dangers threatening Spanish democracy.

Commenting on the Basque and Catalanian elections and the effect of terrorism on the former, he said: "It is serious to go into elections in which there are political forces that cannot find all the candidates for fear of reprisals. That situation is very dangerous in itself. We are already considering that factor and nevertheless, we have found good Basques and Spaniards who have decided to run." He confesses that he will wage the campaign "with the same enthusiasm as on previous occasions" and that his groups "hopes to win."

[Question] What would the Manuel Fraga of 20 years ago have been able to tell the Manuel Fraga of today?

[Answer] I think it is the other way around! The Manuel Fraga today knows much more than the one of yore. That is why I occasionally write memoirs, which is a confession of the man today with the one who once existed. However, the truth is that there is total continuity between both personages. It is absolute and coherent.

[Question] It is said that you normally trust people that turn out to be disloyal to you. Is that still true?

[Answer] An untrusting person has much less chance of having another fail him, but he may leave out many who would not have failed him. Of every ten persons I have chosen, perhaps one has failed me, but I still had the nine others. And there have not been so many that have been disloyal and I blame none of them.... I think that I am beyond all that.

[Question] Do you believe that the reality of your personal life is in keeping with the public image of you?

[Answer] I suppose that there is always a gap. There are now very powerful means of manipulation which in my case have obviously been used more than once. But I believe that in the end, the truth comes out. The best proof of this is the evolution of opinion about us.

What he most appreciates in the other Fragas is the "spirit of truth, honesty and reliability" because deceit "is the only thing I cannot forgive." He pursues that goal, but while "I recognize that I am at times impatient with people, no one can say that I have deliberately deceived him."

[Question] Have you ever had to ask for forgiveness?

[Answer] Often and it is easy for me to do, easy for me to do.

[Question] Are you in a hurry?

[Answer] Now?

[Question] No, I mean politically.

[Answer] Yes, I am. I am in a hurry in the vital historic sense. I have always wanted to do things, to do them well and as rapidly as possible. Time flies and one has to take advantage of it.

[Question] Is the People's Coalition the formula you had always sought?

[Answer] I do not dare say that the formulas chosen are perfect or the ones that one has sought. I say that one has to continue to adapt to the terrain and to the circumstances. I think the Coalition is the most ideal way to form the great alternative to socialism.

[Question] Many parties are fleeing the UCD [Democratic Center Union] syndrome. Is it possible that this Coalition has it?

[Answer] For heaven's sakes! When a party like the UCD disappears, the others analyze the causes leading to that disappearance. The case of the UCD was exceptional and the key to everything is that the party emerged from power. That is a danger we do not have to face because we came from the bottom up and we have also gone through many hard times as a party.

[Question] What will you do if, in 1986, the People's Coalition does not win elections?

[Answer] We have a reasonable hope that the People's Coalition may win the elections in 1986. We shall withhold further judgments until that time.

11,464

CSO: 3548/176

NATO 'FIGHTER AIRCRAFT 90' TO FACE MULTIPLE OBSTACLES

Bonn DIE WELT in German 17 Dec 83 p 3

[Article by Ruediger Moniac: "'Fighter Aircraft 90' Face With Countless Obstacles Prior to Start"]

[Text] In the officers' club of the Wahn Air Force Base near Cologne the air force chiefs of five European NATO countries signed an agreement yesterday of far-reaching importance: It concerns the "Fighter Aircraft 90." Is this a breakthrough in improving European air defense in the next decade?

Eberhard Eimler, chief of staff of the FRG Luftwaffe, has done everything imaginable to make the stay on the Rhine of his comrades, the chiefs of the air forces of France, Great Britain, Italy and Spain pleasant and at the same time profitable. Experts on the circumstances are now venturing the judgment that the conference of the five generals means a beginning which will set the stage for unequalled cooperation of this kind between the five European countries in order to standardize large weapon systems.

The officers agreed that series production of the fighter aircraft--abbreviated as JF 90--is to be started at the latest by 1995. Its chief characteristics are: a single seater with two engines, very maneuverable, suited for taking off and landing on very short runways. Its primary task is to fight enemy aircraft in medium and short distances. Its primary weapon is self-homing missiles, but with a fixed gun as well.

On the one hand this five-person agreement puts to rest a long-smouldering dispute about the correct "philosophy" in air defense; on the other hand, however, it has aroused skepticism among those who, following the bitter experiences with the financing problems connected with the "Tornado" fighter bomber, which was suitable for extremely low altitude flight, shrink away from purchasing additional aircraft for the air force. In respect to the "philosophy": With the advent of the cruise missiles, these unmanned mini-aircraft with extremely precise navigation aids, and with the development of very efficient ground-to-air missiles to engage aircraft, whose purchase had just been agreed upon last week between Bonn and Washington to protect the FRG, many experts now feel strengthened in their judgment that the manned fighter aircraft's future is past. But since assuming his office

as air force chief of staff last April General Eimler has spoken untiringly against this view.

His argument, which even the opponents of the aircraft are not able to weaken, is: Air defense in western Europe is meaningful only with a mixture of ground-based defense systems and fighter aircraft. If there were only ground-based defensive missiles for a "zone" or even to protect certain targets, the enemy would be able to breach the ground defenses by massing his air attack forces and once behind them then freely demonstrate his air superiority. This can be prevented only by having one's own aircraft.

In respect to money: The "Tornado" has the effect of a warning although more than 10 years ago its cost--all in all about DM84 million per aircraft today--has been predicted in calculations which at the time were called ridiculous. The costs were no surprise for the experts. They were such only among the public because those in the know only little by little permitted their knowledge to be wrested from them out of fear of possible opposition.

It appears that the officers have learned something from this debacle for the JF 90. Brigadier General Thiemann, Eimler's arms planner, says today sarcastically: "The people who write the specifications for the characteristics of aircraft are the ones making money." Concretely stated: Every increase in performance which is to be provided must be paid for dearly by the taxpayer. It is not by chance that the ironic saying about the "Tornado" --"the flying and egg-laying milk sow"--in in vogue: a synonym for something that has to be able to do everything.

Following the "costly" Tornado experiences, the planners have not approached the JF 90 with this expectation. The fighter aircraft in reality is to fulfill exclusively the tasks of a flying fighter. In spite of that, question marks are still appropriate in this respect because the five-person agreement at Wahn still contained the following in the draft communique: "The aircraft is to take care of air defense and in addition fulfill tasks in the air-ground role. France accords equal importance to both roles. All other nations recognize the air-air role as the primary task although they, too, consider the air-ground role desirable." This passage is missing in the communique which was finally also accepted by the French general.

Such sentences contain the material for conflict. The planners at the Hardthoehe are clear about this. Yet they act confidently. They are firmly convinced of the fact that even France is greatly interested in the success of the five-group cooperation.

The agreement, which was signed yesterday in Wahn by the five generals, is in fact only a list of requirements from the military about the characteristics of the JF 90. Experts call that the "tactical requirement," abbreviated as TaF. After this introduction the arms directors in the capitals are now faced with producing as quickly as possible, in conjunction with the industries in the specific countries, a kind of "technical feasibility study" so that possibly even before the summer break next year the ministers of defense can in principle give their agreement to the design of a first

prototype. To do this, steering committees from the ministries and from the participating industries must be created.

Since, however, in Europe there is still no uniform business law, the experts anticipate tedious and time-consuming discussions to reach agreement. Thus, the JF 90 is faced with countless obstacles prior to a start.

The goal today is to build about 800 aircraft, approximately 250 for the FRG Luftwaffe and about 200 each for the British and French, and as many for Italy and Spain together. These numbers are subject to change. Unalterable, of course, from the German point of view is the amount of money which is to be provided in the defense budget for the "low cost aircraft"; a maximum of DM70 million per aircraft in today's purchasing power.

12124

CSO: 3620/138

HIGH PRIORITY TO FRENCH-GERMAN ARMS DEVELOPMENT

Bonn WEHRTECHNIK in German Feb 84 pp 12-18

[Interview with Emile Blanc, French delegate general for armaments; date and place of interview not indicated.]

[Text] Cooperation in the armament sector between France and the FRG in the past 20 years has developed to the satisfaction of both sides; the jointly developed weapons systems have proved to be efficient in the French and German armed forces. At this time negotiations are being carried on concerning a multitude of new programs to be jointly developed, whereby in most cases other European partners are supposed to be participants.

How did French-German armament cooperation come about? What prerequisites are decisive for success or failure of international programs? What form of organization is to be chosen? What is the status of the PAH-2 and of the third generation antitank missiles? Will there be cooperation in future air defense guided weapons systems? These and other questions are being answered by Emile Blanc, the French armaments director, to the WEHRTECHNIK editors.

[Question] There are many areas of armament cooperation between France and the FRG. Why is it that in this field Germany apparently is France's preferred partner?

[Answer] There are many reasons for the good cooperation between France and Germany. First of all, there is the political will that has existed for a long time and that has recently been instilled with new life. This close cooperation has a long history. There is a series of programs that we have jointly carried out and those that have been concluded. I am thinking especially of the TRANSALL transport aircraft, the MILAN and HOT antitank missiles, I am thinking of the ALPHA JET and the ROLAND air defense system. This is equipment of great importance to our defense. I think this cooperation has developed special relationships which have led to habits, to habits in the cooperation of the government agencies on the one hand and between industries and firms on the other hand. These are valuable assets and I believe that under these circumstances we can confidently look forward to every kind of cooperation in the future because we have the means to bring this cooperation to a successful conclusion.

As I mentioned, for the cooperation there are political reasons, industrial reasons and it is also true that there is a great deal of understanding between us. We have a very good relationship with our German colleagues. This does not mean that we are always in agreement. But we can positively look forward to every kind of cooperation. That is a good basis for cooperation and that is also the cause for the successes that we have achieved in this cooperation.

[Question] The cooperation with Germany predominantly refers to bilateral programs. Does that mean that France prefers bilateral cooperation to multilateral cooperation?

[Answer] This question should perhaps be posed somewhat differently and first the conditions required for cooperation should be laid down. Four conditions must be fulfilled for cooperation among several countries:

--first, the political will for cooperation must be present;

--then there must be joint military requirements, in other words, a common demand;

--then the time schedule--and that is an important point--must agree;

--fourthly, the desire for cooperation must also be present on the industrial level.

This demonstrates that it is easier to have cooperation between two partners than among a larger number. The greater the number the more difficult it becomes to adhere to the above-mentioned four conditions. France is ready for any cooperation on European level. In looking at the past, we see that in the successful programs all four conditions have always been fulfilled. Therefore the question should not be so much whether bilateral or multilateral but whether the four conditions are met.

[Question] Past cooperation, also with only one country such as Germany, occurred under varied forms of organization. Once there was a project with France as the lead country, then the missile programs with a German-French program bureau and the Euromissile subordinated to it. Are there any special forms preferred by France in view of the government agency side and the industrial organization?

[Answer] I do not believe there is model for the best organization for every situation. The organization must be adapted to the specific facts of the program to attain the greatest possible efficiency.

The conditions must be provided to achieve the program to meet the demand and all that at the best possible cost conditions. This shows that we need different forms of organization for different programs. For MILAN, HOT and ROLAND, we had the steering committee, a joint program bureau and subordinated to it a principal contractor. In the case of the ALPHA JET, we chose the establishment of a steering committee, with France as the lead country and Dassault as principal contractor. Both programs achieved a good result. Jointly with our German

partners, we have always tried the type of organization for each program that can achieve the best possible solution. And now we are considering what would be the most favorable solution for the attack helicopter. Regarding the principles, we are already agreed and thus we may perhaps choose a solution as in the case of the ALPHA JET, whereby the roles of the two countries are symmetrical. For multinational programs, probably other forms of organization must be developed, for we believe that a program can lead to a positive conclusion only if there is an institution or something that decides and all others agree with this decision. For example, that could be an international institution. I am convinced that we are going to find the right organization for every question.

[Question] You mentioned before that four points are the prerequisite for the success of a joint program: joint political will, joint military requirement, a time schedule, and the desire to work together on the industrial level. But I have gained the impression that France starts the development of a national program and only later makes arrangements with possible foreign partners to continue the program internationally. Do I view that correctly?

[Answer] First of all, your impression is not correct. But your question offers me the opportunity to correct something and to explain how we think and act in this field. To start with, I should say that our search for cooperation opportunities is one of our constant efforts. Prior to starting the definition or development phase of an appliance we constantly examine whether there is an opportunity for cooperation. Together with Mr. Schnell, my colleague and friend, we have compiled a list of all projects that can lead to cooperation. According to the latest figures, about 50 projects are involved. The same applies within the framework of the IEPG (Independent European Program Group), thus within the framework of the WEU.

There a special committee exists that is competent for listing all cooperation opportunities. On the other hand, these programs must be weighed against our mission which is to supply our armed forces with the means required for defense. Thus it can happen that there are pieces of equipment and appliances for which there is a need in our armed forces that must be promptly satisfied.

In such a case we cannot wait and adapt our time schedule to an international development. Thus sometimes the impression arises that we are pressing. On the other hand, it is so that even then we do not say no if there is an opportunity for cooperation. We are always prepared to cooperate with a partner. I think that is a very reasonable point of view. Thus I am just thinking of the ATL 2, the new generation ATLANTIC. Here we want cooperation, too. We had determined that our ATLANTIC fleet was aging and therefore we had to act. Building of the aircraft itself is being continued in the same framework as the first-generation ATLANTIC. We hope that cooperation can be achieved here.

[Question] France has cooperated with Germany for over 20 years. Are there both positive and negative experiences? Wherein does the special nature of the cooperation lie? What could be improved?

[Answer] First of all, I would like to state that all programs that we have jointly carried out have led to good results. This fact demonstrates that we

are able to work out guidelines together with our German partners and that we are in the position and have the ability to choose the correct form of organization. I have already mentioned the programs: TRANSALL, MILAN, HOT, ROLAND, and ALPHA JET. This shows that the decisions made by us regarding technology and industrial organization were good and correct. The jointly gained experiences are very valuable for the future and for further cooperation.

Of course, there have also been difficulties. You are undoubtedly thinking of the battle tank 90.

But if the battle tank 90 is analyzed according to the four conditions cited above, it is noted that not all conditions were met. The political will was present on the highest level through a joint declaration. As for the need and the military requirements, there are, it is true, military requirements but it cannot be asserted that they completely coincided. The time schedules diverged and as regards industry, there was also no readiness to share know-how. In such a case, the question naturally arises whether it would have been sensible to start such a program in which three of the four prerequisites have not been met, yes have not been met in any way.

In saying that I do not want to maintain that all four conditions must be fully and completely fulfilled. Especially the case of the antitank helicopter has demonstrated that the government agencies are also ready to reach compromises, so that a solution can be found.

I only want to say that a joint definition, a coinciding time schedule, and an industrial organization acceptable to all are necessary. People also learn from failures, sometimes more than from successes.

[Question] With this response you have nearly answered my planned question concerning the battle tank. We were rather disappointed that no cooperation was achieved. Are you able to describe to us the status of the French battle tank program. Is it going to be a turret tank or a tank with an externally mounted weapon, or what is it going to be?

[Answer] Of course I cannot answer all your questions even though I understand your curiosity. The definition phase of the new battle tank was approved at the end of 1982 and this phase runs to 1986. The battle tank is essentially the successor to the AMX-30B2 for deployment in 1991. Some decisions have already been made. The propulsion unit will be a supercharged Hyperbar 1500-hp diesel engine. The tank will have a hydromechanical transmission and a 120-mm gun with automatic loader. The studies are being continued regarding the crew strength in the turret, whether it should be a two or three-man crew. The feasibility study concerning the two-man crew is now in progress. More information concerning this matter will be available by 1986, for by that date the decision will have to be made. Then it will be evident what the whole thing will look like. For reasons of mobility, the effort is directed toward a power-to-weight ratio of over 30 horsepower per ton. Therefore, the total mass of the vehicle should be less than 50 tons. On the other hand, we want to improve the crew's speed of response; we want to arrive at new solutions especially as regards human factors engineering. But also rate of fire and precision of fire are to be improved. We should know details concerning the decisions to be made by 1985.

[Question] The cooperation on the PAH-2 will certainly be somewhat more successful than the unsuccessful German-French battle tank program. Are you really satisfied with the present status of the program or are there still problems? And another question: would you welcome it if the British joined the program?

[Answer] Yes, I am satisfied with the status of the program. We have determined the main characteristics and also the organizational principles. I think, the result can be regarded as satisfactory. You are aware that at the 24-25 November summit meeting Mr. Hernu and Dr. Woerner issued joint guidelines to the respective divisions, namely guidelines regarding preparation of an agreement in connection with the developmental phase of this program. I believe that we will be able to submit the draft during the second half of 1984. Nevertheless a good deal of work is now being done for the program. Four hundred units are involved. Concerning the question of possible cooperation with the British, I am of the opinion that we have not been opposed to it. On the contrary, if the British were to join, then under the condition that the program would neither suffer time losses nor any change would be made in the definition of the equipment, which could practically jeopardize the entire program. If these conditions were met I would very much like to include the British.

[Question] With the third generation antitank missiles now being developed, together with Germany and Great Britain, you have set very high technical goals for yourself. In all cooperation programs it has always been a goal of the French government to export these weapons systems. Do you believe that these third generation weapons systems are still exportable? Considering their technology, they are likely to be very expensive with infrared guidance, fire-and-forget, etc.

[Answer] We have set very ambitious goals for ourselves, but, on the other hand, we have full confidence in our firms that they will achieve a solution. What is involved in this case is the "emerging technologies," that are repeatedly mentioned as terminal guidance, microelectronics, highly sensitive sensors and the like. These are all matters that are relatively difficult to solve but not unsolvable. As for the danger to export, I would like to differentiate between medium range and long range types. Medium range types are unlikely to become too expensive. The price target that has been set is: near the MILAN price. The successor to the MILAN is unlikely to become too expensive. For the long ranges it appears that the technological goals have been set very high. Therefore, the whole thing can look expensive. But according to present information there is no reason to believe that these weapons would become prohibitively expensive. This is a program which may be of interest to a whole series of countries within the IEPC framework. Within this framework, the various countries are regularly kept informed on the status of the work. The interest in the program and in the progress of the program provides reason to assume that it could come to an enlargement of the trilateral cooperation. Of course, this presupposes a structure that is acceptable for the implementation to the three program leaders but also to the other countries that would like to join the program.

[Question] The fighter aircraft of the future is also likely to become a big program. Fortunately the air force chiefs of staff reached agreement on 16 December. They have set the basic requirements. Now it will be up to the armament directors and also to industry to achieve cooperation. But isn't this cooperation being made more difficult by the fact that five nations are now involved with different points of view of the industries and differing intentions?

[Answer] It is undoubtedly more difficult for five to work together than for two. We have now received a document from the command staffs of the air forces with the definition of the operating conditions, in other words an expression of military planning, namely a joint expression, so that one of the four basic prerequisites has been met. If we can get to the point where the three other conditions are being fulfilled, then we are going to have a good program and no longer any significant problems. We are going to try to fulfill these conditions. You are aware that each armament director must report to his minister on the status of the entire matter in industrial, technical, and financial respect. On the other hand, the situation is such that I, by myself, cannot say very much about this matter, for what I could say requires the approval of all other partners.

[Question] Is France going to urge that the entire avionics, radar, etc comes from European production? Or is the attitude going to be generous and appliances will also be purchased in the United States, as in the case of the TORNADO?

[Answer] Up till now I had not known that it is generous to make outside purchases. You know that there is a basic attitude in France according to which we produce ourselves everything connected with the arms of the armed forces to remain as independent as possible. An example for that is the MIRAGE 2000 for which we are developing a pulsed Doppler radar for the air defense mission and simultaneously the ANTILOPE radar for the low-altitude flight of the MIRAGE 2000 N. We would also like to urge a European solution in the new program, for we believe that Europe must prove its independence in development and procurement of the weapons system. On the other hand, I feel that we, we Europeans, have the capability and the means to develop and produce such appliances.

[Question] Do you see any possibility for cooperation with the United States as regards development?

[Answer] It would actually be the most reasonable solution to look for possibilities to cooperate with the Americans in the majority of the programs. But it is necessary to be realistic and you know that cooperation with the Americans is difficult. On the one hand, the problem of technology transfer is encountered all the time and on the other hand the very hard U.S. regulations must be taken into account that make the absolutely necessary compromises in cooperation especially difficult. Of course in the future we must try again and again to cooperate with our U.S. friends. Especially the MLRS example demonstrates that cooperation among four--the United States, Germany, Great Britain, and France--

is possible. A short time ago, we signed the memorandum of understanding for Phase III, in other words the terminally guided submunition.

At any rate, we must exert efforts for cooperation within the framework of the alliance, but, of course, it must be on a more balanced basis. We do not have to buy in the United States if we have the capabilities to produce the same things here in Europe. I feel that we as Europeans must advocate that our U.S. friends somewhat broaden the road from Europe to the United States. It must become more balanced than it is right now, a super highway from the United States to Europe and a narrow path from Europe to the United States. Thus we must further strive for a genuine two-way street. To that end, our sales opportunities to the United States should be improved and our U.S. friends should be asked to broaden the road.

/Question/ France has performed preliminary work and continues to work on the development of an air defense system SA 90 and SAN. Do you see any possibility here for cooperation with Germany?

/Answer/ These projects have been offered to us by industry. We are in the process of considering them. The matter is not urgent because it is a need for the end of the nineties, in other words practically around the year 2000. What is involved here is, on the one hand, air defense of surface ships and, on the other hand, defense of the army, especially of the tank units and protection of the air force bases. We think that there is a similar demand in this field on the German side and thus we are of the opinion that there is an opportunity for cooperation in this field, too. At present we are in the process of analyzing where this demand appears and then will establish appropriate contacts with our partners and take the necessary initiatives. It will be necessary to coordinate the military requirements among ourselves and then agree on a basic technical approach to the system. This is likely to take all of 1984. I can hardly imagine that any decision can be made before the end of 1984. It must be assured that the four principal conditions are met to guarantee a successful development.

/Question/ It is likely that there will be cooperation with Germany concerning ANS. However welcome this cooperation may be, why are there so few navy cooperation programs? Since the construction of the S-148 fast patrol boats in France, there has not been another joint navy program.

/Answer/ I can really not answer that question. This question should be addressed to the inspectors of the navy. You are aware that the armament inspectors only step in after the demand has been approved by the military side, in other words when the requirements have been submitted.

12356
CSO: 3620/170

GERMANS POSITIVE ON JOINT ARMS DEVELOPMENT

Bonn WEHRTECHNIK in German Feb 84 pp 20-23

[Interview with Karl-Helmut Schnell, FRG main department chief for armaments; date and place of interview not indicated]

[Text/ At the moment German-French armament cooperation is a focal point of the effort by Ministerialdirektor Karl-Helmut Schnell, main department chief for armaments, as indicated by his many talks with his French colleague. However, this bilateral cooperation is embedded in a broad European and also equally important transatlantic co-operation. WEHRTECHNIK interviewed the German armaments director on some current questions of cooperation.

[Question/ There are and there have been a series of joint armament programs with France. A few years ago you came to an agreement with your French colleagues on about 50 projects that could lead to cooperation. Accordingly, is France the preferred partner for armament cooperation?

[Answer/ It is our common goal to strengthen the European industrial base by better cooperation, so that we Europeans can make an original contribution in the cooperation with the United States, a contribution as much of equal importance as possible, thus making our contribution to a more balanced two-way street.

This assumes that all alliance partners in Europe will have the opportunity to contribute their industrial capabilities to this armament cooperation.

As regards bilateral projects already in progress, France is our most important cooperation partner on this path; for multilateral projects, the importance is about the same as that of Great Britain.

Our good and successful armament cooperation with France is based on the very solid foundation of the German-French Friendship Treaty of January 1963 agreed to by President de Gaulle and Federal Chancellor Adenauer; in it armament co-operation is expressly mentioned.

Moreover, German-French armament cooperation possesses a natural "growth potential"

--through cooperation in the conceptional field by the institutionalized joint general staff conferences as prerequisite for joint military requirement,

--through cooperation in research, e.g., in the joint Saint Louis Research Institute (SL) as well as in many working panels,

--and also through tested industrial cooperation up to the founding of joint business firms.

I would like to make some observations as far as the above-mentioned projects are concerned on which we agreed:

--We are not pursuing armament cooperation as an end in itself. Priority goals of all armament cooperation from the German view must be: strengthening of the defensive strength of the alliance in accordance with the threat; better utilization of the limited alliance resources, and deepening of the alliance cohesion.

Armament cooperation must, however, find its limits where operational benefits, costs, and integration effect are no longer in a balanced relationship to one another; and

--armament cooperation must remain integrated in national plans, i.e. for us in Bundeswehr planning. Therefore I had suggested that the manifold individual activities of our technical armament cooperation be combined into a general survey, on the one hand to get an overview of all the things that are going on; on the other hand, to check whether all these individual activities fit into the framework of the bilateral overall planning and thus ensure that with these individual activities we remain within the framework of the things that we can afford financially, i.e., within the framework of what we are able to pay.

It was the purpose of this proposal, while maintaining the necessary flexibility, to arrange all individual activities purposefully and to control possibly arising proliferation.

I was pleased that this proposal coincided with the ideas of my French colleague. The ministers have approved it.

The now available listing, which includes the 50 projects mentioned by you, in the meantime has developed a great deal further and constitutes a suitable basis for the further control of armament cooperation between our countries even though it is subject to additions and changes on account of differing national planning processes.

[Question/ Is the Federal Government going to try also to include other European nations in the 50 planned cooperation projects with France, from the start or after agreement has been reached with our Western neighbor in a joint definition phase?

[Answer/ As regards the first part of your question concerning the attitude in principle toward other partners, I refer you to my answer to your first question:

Our fundamental goal is a broad European as well as transatlantic cooperation of equal importance.

France and Germany emphasize all the time that each project is open for additional alliance partners to join.

A great deal more difficult is the answer to your question concerning the when and the how of the inclusion of other partners.

At the moment, the answer to the question whether from the start or following a later phase depends on the concrete facts. An example of a broad base from the start is the Fighter Aircraft 90, the other example at present is the PAH 2, for which, however, other partners are materializing. What is important in each case is that all partners agree on a common concept and that the additional partners should not have a negative influence on time planning or on the commercial efficiency of the project.

In this connection, questions concerning a balanced participation of the partners constantly arise. A division of the work packages precisely corresponding to the demand numbers in most instances cannot be achieved in every individual program. The ideal notion would be: In armament, too, division of labor in the alliance and national balancing of interests by means of project-overlapping compensation. Implementing this ideal notion encounters significant difficulties in the hard reality of the struggle for jobs and technological abilities.

It would be attainable only with very strong common political vigor.

[Question] Apart from PAH-2 and Fighter Aircraft 90, which programs do you consider as offering the greatest or greater chances for achieving cooperation with France?

[Answer] Joint implementation of the definition phase for a new generation antiship missile, abbreviated ANS, is of current interest. The government agreement will be signed within the next few days.

Furthermore, I consider as promising continuation of the tested cooperation in the field of ground-based air defense systems with a system of medium range which could take over tasks of air defense and protection of objects towards the end of the nineties. Our work designation is: MFS.

Both programs must of course be kept open for additional partners. This applies especially to the costly medium-range air defense system which will place very high demands on the technological capacity of our industry.

[Question] Why did the German side insist so strongly that the PAH-2 program be carried out with Germany as lead country?

[Answer] For a long time there has been a basic understanding on the division of tasks for future helicopter projects; since then Germany has been in overall charge for the antitank helicopter.

In final analysis, two aspects were probably determining actors:

--The starting point was the German need for an antitank helicopter with night-flying and night operations capability.

--After our French partner had taken on the function of the lead country for the ALPHA JET, it was logical that a change should occur for this project, for one thing in the interest of reciprocity.

[Question] Does Germany have a specific preference for a certain kind of implementation or organization of international armament programs?

[Answer] I am unable to provide you with a universally applicable answer. The organization of the implementation in final analysis depends on the project, the composition of the partner nations and their readiness to make compromises in the interest of the common goal. Of course, we prefer the type of organization with which the concrete project can be implemented in a disciplined, powerful, and especially maximum possible economical manner.

Thus far the "lead country" solution and corresponding industrial organization has yielded very positive experiences.

If a greater need for coordination is expected, a multinationally staffed program office or a kind of NAMMA (NATO MRCA Management Agency) should also be considered.

[Question] Germany has cooperation programs with several countries; thus the characteristics and strengths and weaknesses of its partners have been known for years. Where does France especially excel as partner for armament programs?

[Answer] I am not entitled to issue grades. But it is a fact that France was the first partner with which genuine cooperation programs, i.e., including industrial division of labor in development and production, were started and brought to successful conclusion. Part of the defense competitiveness of German enterprises is based not least on France's readiness for cooperation already proved in the early sixties.

A necessary result of this early start of cooperation are quick solutions, well coordinated information and negotiating mechanisms on all levels, ties between businesses, common contract principles, etc., in other words many things that facilitate the work.

But what is also a fact, and that seems important to me, is the repeatedly demonstrated ability of our French friends, with all stubbornness in representing their own legitimate interests, also to make concessions on the merits for the achievement of project-related cooperation and their reliability in the implementation of concluded contracts.

12356

CSO: 3620/169

DEFENSE MINISTER PIHLAJAMAKI ON PLANNING, CRUISE MISSILES

Helsinki UUSI SUOMI in Finnish 15 Jan 84 pp 4-5

[Article by Anders Blom: "As A Defense Minister I Am A Defender of Peace"]

[Text] Defense Minister Veikko Pihlajamaki's roots are firmly planted in his home province of Pohjanmaa [Ostrobothnia]. The civil engineer from Kauhava came to the headquarters of the defense forces flanking Kaivopuisto via Pohjanmaa just as the light infantry came to Helsinki in 1918.

The gray-haired defense minister is a major in the reserves. He participated in the war as the leader of a grenade launching company. Wartime experience means one exceptionally important factor for each defense minister. He is taken seriously.

"I am, however, a defender of peace. I know what war is. Therefore, I value the work being accomplished on behalf of peace by the defense forces. They are, in fact, a peacekeeping force working on behalf of peace," states Pihlajamaki.

"In my opinion it is of primary importance that we provide everyone with an opportunity to participate in and work on behalf of peace," states Pihlajamaki.

According to him, the obligations of a defense minister are, however, bound to traditions to such a degree that offering these duties to a woman would be an unreasonable punishment. "Indeed, a woman would be suitable for this job, but I cannot, however, actually recommend it for a woman.

This is the manner in which the officer and gentleman from Pohjanmaa speaks.

Defense Committee Is Under Consideration

According to him, the defense committees have been important in the development of mutual political understanding. It was possible to build a long-term defense policy on their recommendations.

"The officer corps is adopting a positive attitude toward the establishment of a new parliamentary defense committee. Preparations for a new defense

committee are being considered in the ministry," states the defense minister in dismissing any doubts presented in defense force circles.

"I am especially delighted that the defense forces are actively striving to build bridges to other segments of society. This is reflected in a more positive attitude on the part of citizens toward the defense forces," states Pihlajamaki.

"Politically it is important to plan new appropriations recommendations for defense needs since the present phase of recommendations will conclude in 1986. Most of all, Pihlajamaki underscores the importance of these recommendations as an alternative to the Finance Ministry. Its red pencil is frequently a more forceful recommendation than political will."

Without raising any particular question Pihlajamaki emphasizes the significance of maintaining social relations for the defense forces. "The committee will provide sufficient opportunities for the defense forces to participate in decisions concerning itself and in their preparation."

"Defense Forces Part of Society"

Pihlajamaki's position regarding the defense forces and a defense policy could be described as rigid. In physics inertia means that there is no movement. It is also a word that describes Pohjanmaa. Movement, continuing progress, and unwavering direction are decisive.

Thus Pihlajamaki is satisfied with the structures of defense policy decision-making. In his opinion there is no need for any changes.

Even though the defense doctrines are suffering from a crisis of credibility by European standards and are the subject of criticism by the peace movements, among others, the situation in Finland is peaceful. The defense forces have not completely placed themselves outside of the peace movement, but they live in harmony as a natural part of society.

The defense committee should take the initiative according to Pihlajamaki. Parliaments Defense Affairs Committee, on the other hand, treats government bills requiring an official statement.

Preparations Have Been Made for Cruise Missiles

According to Pihlajamaki, the cruise missile situation was foreseen years ago already. He refers to the speech delivered by President Urho Kekkonen in Stockholm in 1978.

"Cruise missiles fly at a low altitude slower than the speed of sound. What is important is to observe them in sufficient time. Therefore, the new radar network intended for low-altitude surveillance will essentially improve our defense capability when it is completed in 1986.

"Now that we have moved into the missile age in antiaircraft defense, our defense capability has undergone decisive development."

Even his undramatic and expressionless description of the situation arouses trust. "Then one must believe that cruise will not explode when they are shot down," he states and in the flash of an eye adds the hope that we will never have to defend ourselves against cruise missiles.

More Fire Power Needed

The center of attention in materiel procurements for the defense forces continues to be on the development of fire power, mobility, and combat perseverance for the Army. The recently confirmed armored personnel carrier transaction is just a beginning in the opinion of Pihlajamaki.

We need several hundred armored personnel carriers. A long-term solution has now been made. It is the Sisu, which will not exclude other alternatives in the future," states Pihlajamaki.

He points out Valmet's prototype built on the basis of its tractor, which is a solution also being considered by the defense forces. A final decision has not yet been made on its future.

The renewal of armored vehicle equipment is being studied according to Pihlajamaki. "It is, however, such an expensive and large-scale decision that it must still be given further consideration."

On the other hand, Drake equipment to be procured for the Satakunta Flight Detachment will become timely in the procurement of aircraft. "If we are able to conclude a transaction, we are assuming a favorable price and reciprocal purchases. Even though it is now a question of used aircraft, our experience with this type of aircraft is positive," underscores Pihlajamaki.

Impetus for Domestic Aircraft Industry

The development of a Finnish aircraft industry is an especially important issue for the defense forces. There is hardly a country in the world in which the aircraft industry is not supported by the state in one manner or another.

"The maintenance of technical knowledge and skills and continually living on the nerve's edge of life are vital conditions for an aircraft industry and for a good flight operation.

"The Defense Ministry's attitude toward the proposal presented by Raade's work group, which would include Finnair in the domestic aircraft industry, is positive," states Pihlajamaki.

A Battalion's Worth of Hope

"The performance opportunities for recruit training and the garrisons are unequally divided," says Pihlajamaki as he braces himself. "I have a battalion's worth of hopes for accomplishing recruit training in some military unit within the area of the province of Vaasa. Unfortunately, there are too few places there."

In Pihlajamaki's opinion citizens are in an unequal position in certain parts of the country since such a civic duty must be executed at distant locations. He does, indeed, understand military policy circumstances, but in the same breath he demands the decentralization of compulsory service.

"This is a civil right," he emphasizes.

Annoyed by the incorrect information that has made public about the exercise area of the Hamina Garrison, Pihlajamaki hoped that he could move the controversy to somewhere in Pohjanmaa.

"But the capital tied up in buildings prevents this," he laments. At the same time he emphasizes that no decisions have yet been made in the ministry with respect to the area of Hamina.

"Property owners are being excessively fearful. I have supported property owners my whole life and I know that property ownership is given consideration in a traditional manner in the Defense Ministry. According to this, there is also a desire to act in the ministry."

"Let Vayrynen Continue as Chairman"

"The Center Party is experiencing a period of a kind of refinement. Paavo Vayrynen's advantage in next spring's chairmanship elections is that he has wanted to use this time for building and gathering forces within the party.

"Therefore, I would consider it expedient and correct to reelect him as chairman," states Veikko Pihlajamaki, minister and MP.

This kind of talk is rarely heard in Finnish politics. Paavo Vayrynen would have wanted to prevent Pihlajamaki's appointment as defense minister. Pihlajamaki does not believe that the situation before the appointment of ministers would have affected cooperation between the foreign minister and the defense minister.

"The country's interests and the total picture must be considered. The same circumstances should also now be taken into consideration in the Center Party, in which the extending of hands from various quarters is timely and important. This time must not be allowed to slip through our fingers. It must be grasped.

In Pihlajamaki's opinion the time of accusations and name calling is now over. "I am satisfied that Paavo is no longer obligated to his former background forces."

Center Cooperation

Pihlajamaki Hopes that the SMP [Finnish Rural Party] will easily join in a cooperation of the center. He has been pleasantly surprised by the SMP's ability to cooperate. The lines in the government have held relatively well, particularly when considered against the previous background.

"It is a question of a completely different kind of SMP than what was in the last parliament. The party has settled into its positions. I hope that the party's ideological view will also be adapted to the center. The SMP must demonstrate that it will not abandon the ranks and flee to the left in government cooperation."

A Man of the Province

Pihlajamäki well remembers the "Black Dozen", a Center Party opposition faction, to which he was considered to belong.

"In the land package redemption laws I was a constitutionalist," admits Pihlajamäki.

However, what is most important in Pihlajamäki is his Ostrobothnianism. Blood is thicker than water. And unquivering Vaasa blood is certainly thick. Pihlajamäki has worked effectively on behalf of his home province. If he does the same for the defense forces, the words "and Kauhava iron will not rust" from a song will become a reality in the defense forces.

10576

CSO: 3617/80

BASIC TRAINING INCLUDES SURVIVAL IN EXTREME CONDITIONS

Helsinki UUSI SUOMI in Finnish 12 Jan 84 p 9

[Article by Heikki Vento: "Soldiers Must Withstand Even Extreme Conditions"]

[Text] The most important objective of a soldier's basic training is to improve the physical condition of a combat soldier to such a degree that he will be able to fight effectively under the most extreme conditions. After a week's orientation the training began, a training in which the physical condition and nerves of a recruit were put to the test.

The Army does not train Finnish recruits to become individuals expressing their own personality. Soldiers must function as a group, in which each link knows its own duties and the duties of its comrade in arms as well as understand the commands that have been issued.

Methodicalness and speed are practiced every day. A battery must form into detachments in a prescribed time and location in full gear. If this is not accomplished easily, the men are commanded to return to the barracks to attempt it again. An additional incentive to try harder can be arranged by making the recruits run back to the barracks along a circuitous route and by assigning new equipment.

Exercises in closed ranks are part of a recruit's training almost daily, in which physical exercises of various types are practiced. Formations in ranks or lines are not accomplished slowly or hesitantly, but are accomplished rapidly or by running depending on the command. No one feels one's existence to be lonely when one's constant companion is an assault rifle.

Physical Training Requirements

Basic training for a soldier is generally the same in all the branches of service.

A recruit must get through five marches, participate in combat training exercises, learn how to aim, obtain acceptable results on the firing range, and finally pass a combat test.

Physical exercise does not end with marches or closed rank drills. The daily schedule includes calisthenics in the morning, which gets the day off to a

good start with a few minutes of such exercise after rising at 6:00 am. In the fall the mornings seem lonely and cold.

Many approach the marches with uncertainty. The first 10-kilometer march in combat gear went quite well for many of the recruits.

Marching is not just mere tramping along the road. Protective actions and advance movements in various forms are practiced along the way. It becomes necessary to run when surprised by an enemy and sometimes just for the sake of running.

Recruit Vento's sweat ran profusely due to a lack of experience. On the following morning one was aware of which muscles to use sparingly. We awaited the 25-kilometer march in full combat gear.

Low Flight Over The Sahara

Combat training is indelibly impressed upon my mind at least. The assembly of the combat belt prior to the exercises is one's own responsibility, an undertaking which began to succeed within the allowed time frame after a few practice sessions.

In combat exercises the soldier is dressed in a terrain or snow suit, helmet or fur hat, and rubber boots. A protective overcoat, a field shovel, a poncho, a mess kit, two cartridge clips, and a gas mask are either attached to or stuffed into appropriate loops and pockets on the belt. In addition, the soldier carries a weapon to which a third clip is attached. Rubber boots are worn on the feet.

Santahamina and the Sahara are places that suit their name. After a few hours of advance movements and protective actions a recruit's gear is completely infiltrated with sand. "Souvenirs" of the Sahara may still be found in one's gear during the following type of "military action", for example:

After a signal given by hand the group advances in open ranks. Suddenly there is a whistling sound, the soldiers drop to the ground, and continue to advance by crawling, after which they are commanded to run and from time to time to seek shelter and to run again while dropping to the ground again for protection. After a few hours the soldiers' boots are half full of chafing sand, clothing is wet with perspiration, and the skin is taut.

Sweat saves blood so that the former runs in torrents. There was so much crawling from the beginning already that recruit Vento wore a hole in his pants at the knees.

On flat ground a soldier has no protection, so it is necessary to dig a fox-hole. With a small field shovel and sweat on my brow I dug for myself my very own spot from which I could shoot at the enemy from a standing position. At the time we truly suspected an enemy was lurking somewhere in the terrain of Santahamina.

First Alert

The commencement of actual combat could not be determined from the weekly schedule placed on the battery's bulletin board. An alert in the middle of the night has been observed as a good method for practicing quick preparations for an immediate departure.

"An alert in the battery". This was the way we were informed of an alert, naturally at night. Once an alert is announced, one must quickly assemble a full pack and go to the place where the commands are issued.

The first alert exercise was conducted so skillfully that many first timers believed it to be an actual combat operation upon hearing where they were to go.

Firing Exercises Once a Week

The worst thing about Wednesday is that reveille is earlier than normal so that there will be time to set up the targets before dawn breaks.

Firing day is in the opinion of many the most pleasant day of the week after a weekend pass. The whole day is spent at the firing range. Firing exercises are physically undemanding. A 3-day pass promised to those who do well provides its own incentive at the firing range.

An assault rifle is a dangerous weapon, particularly in the hands of a recruit according to the training sergeants. Safety measures are strict. No one fires without permission. Everything is done according to commands issued by the sergeants.

Training Inside Also

Before going into the service many have the impression that basic training consists of nothing more than running and camping in the woods. Undeniably, there is no shortage of physical exercise in the initial phase.

10576

CSO: 3617/80

ARMY CHIEF VALTANEN COMMENTS ON DEFENSE COMMITTEE VIEWS

Helsinki HELSINGIN SANOMAT in Finnish 17 Jan 84 p 7

[Article: "Army Will Not Oppose Defense Committee"]

[Text] On Monday, General Jaakko Valtanen, commander of the defense forces, rejected the idea that the defense forces are opposing the establishment of a new or fourth defense committee.

"Defense committees represent an auxiliary instrument of state power and a fourth committee will naturally be established if the government considers this to be necessary. It is not the business of the defense forces to take a stand on the establishment of or failure to establish a committee much less to oppose it," stated Valtanen at the opening ceremonies of the National Defense Seminar in Helsinki.

According to Valtanen, the work of the three previous defense committees has been beneficial in many ways from the point of view of the defense forces.

"It would certainly not be of any harm if an evaluation of our country's security situation were brought up to date on the part of parliament. It would also certainly have a positive effect on public security policy and on the discussion concerning the defense forces," stated Valtanen.

He also pointed out that the need for determining an appropriations framework for the foreseeable future is already becoming acute.

"The defense forces are naturally ready to give all their support again to a parliamentary report on their future development," added Valtanen.

Basic Principles Have Been Studied Three Times Already

On the other hand, Valtanen noted that the basic traits of Finland's security policy have been exhaustively treated three times already in the committees and each time the evaluations have been pretty much the same.

"It is doubtful that a fourth analysis of security policy would produce any radical changes."

Valtanen also pointed out that development goals for the defense forces have been compiled for 15 years in advance and only two of those years have passed.

"The need for a change of direction is not in sight even in this quarter," stated Valtanen. However, the Army does need an appropriations framework for the next 5-year period or the years 1987--1991 according to the general since the recommendations of the third committee extend only to 1986.

"The state leadership can, of course, work out the continuation of funding either by a committee or some other means," stated the commander.

Caution This Time

Commander Valtanen's position on Monday with respect to a new defense committee was interpreted as cautiously positive. A new committee has been debated for more than a year and this time the generals have adopted a more cautious attitude. The Army was quite enthusiastic about the previous three committees. The committees have even been labelled as money-automats for the generals. Parliament has granted money to the defense forces at approximately the rate recommended by the committees.

Defense committees have been in session since 1970 and all three committees have provided the Army with a 5-year development program along with funding recommendations. The recommendations of the first committee concern the years 1972--1976. According to Valtanen, materiel procurement recommendations were accomplished by approximately 75 percent. At that time early-warning radar and communications equipment, among other things, were on the procurement list.

Legislation regarding the defense forces also resulted from the work of the first committee in 1974.

Destroyers, Missiles

The recommendations of the Second Parliamentary Defense Committee concern the years 1977--1981 and materiel recommendations were accomplished by approximately 95 percent according to Valtanen's speech on Monday.

New antiaircraft missiles were installed for the protection of Helsinki, the Air Force received Hawk training aircraft and Mig 21 bis destroyers, a brigade was established in Sodankyla, repetitive exercises were increased, preparations for readiness legislation was begun, and the defense information service was reorganized.

The report of the third committee was completed in the spring of 1981 and its funding recommendations concern the years 1982--1986. According to Valtanen, the recommendations have been accomplished by nearly 95 percent in the first 2 years.

New armored vehicles were ordered for the Army just before Christmas in accordance with the committee's proposal and the procurement of a semi-squadron

of Drake aircraft for the Pirkkala Military Base was also approved in parliament. The renewal of long-distance surveillance radar and a new combat flotilla for the Navy are also under consideration.

In addition to a 5-year program, the third committee also outlined the needs of the Army for 15 years. The main idea is to make the 250,000-man Army as combat ready and mobile as possible. The remaining 600,000 reservists would be given the older equipment.

The semi-squadron at Pirkkala would be made into a full squadron within 15 years and the Navy would receive three flotillas of combat ships. The procurement list also includes missiles, radar, armored vehicles, and so on.

When the third committee also compiled a 15-year plan for the Army in addition to a 5-year appropriations framework, the committee considered that it will not recommend the establishment of a subsequent committee in the manner of its predecessors. A new committee would be convened only "when a special need arises" according to the third committee.

However, a discussion of a fourth committee was quickly initiated and instead of generals, politicians have now been in the forefront. Prime Minister Ka-levi Sorsa (Social Democrat) proposed the consideration of a new committee in December 1982 already for protecting a unified defense policy concept, among other things.

Foreign Minister Paavo Vayrynen (Center Party) and Chairman Mauri Miettinen (Conservative) of parliament's Defense Affairs Committee, among others, have recently joined Sorsa with approximately the same arguments.

Defense Minister Veikko Pihlajamäki (Center Party) has already declared that the government will consider a new committee next fall.

Only the SDP's left wing, Taistoite Communists, and the Greens criticized the defense committees in a debate held in parliament in the beginning of January.

General Secretary Jorma Henttilä, who was the representative of the SKDL [Finnish People's Democratic League] in the defense committees, states that a new committee is not needed to deliberate the Army's financial affairs since it is doubtful that funding recommendations will change from what was decided by the third committee.

On the other hand, if a fourth committee were able to deliberate the effect of new nuclear weapons on Finland, there would be a need for such a committee, states Henttilä.

Nuclear weapons problems were not subjected to a thorough treatment by the third committee according to Henttilä. The issue was buried under the debate held on the YYA [Friendship, Cooperation, and Mutual Aid] Pact.

10576

CSO: 3671/80

DELIVERIES OF SOVIET MISSILES SERIOUSLY DELAYED

Helsinki HELSINGIN SANOMAT in Finnish 20 Jan 84 p 11

[Article: "Missile Deliveries From USSR Delayed"]

[Text] The deliveries of antitank missiles ordered from the Soviet Union have been delayed so much that on Thursday the government was compelled to change the conditions of the loans granted for weapons procurements in order to pay for the procurement at a later date.

In question are the 1982 supplementary budget's "special materiel procurements", for which a total appropriation of 450 million markkaa was made. At that time the discussion primarily concerned the procurement of antitank missiles, antiaircraft missiles, antiaircraft artillery, field artillery, and vehicles.

In 1982 300 million markkaa were paid for these procurements and the remaining 150 million was to be paid in 1983 as the goods were delivered. All the equipment was to be delivered by the end of 1983. Deliveries have been delayed to such a degree that 62.5 million markkaa of the loan amount granted for the transactions would not be issued unless the conditions of the loan were renegotiated. Therefore, the stipulation that the money must be issued by the end of 1983 was stricken from the conditions.

There was no accurate information available on Wednesday as to what deliveries are late since the experts on Soviet procurements were on a negotiating trip to Moscow. It is assumed that the antitank missiles have been delayed since the training in their use has not been fully implemented.

On Thursday the government also decided to postpone the deliberation of the separate contracts not yet considered with respect to the procurement of Hawk training aircraft. This matter will be brought up in 1984.

At the beginning of last year already the presentation of these contracts was postponed from 1982 until 1983. In question are procurements worth approximately 132 million markkaa, for which the technical preparation has taken more time than anticipated. The separate contracts yet to be considered primarily concern spare parts, tools, and instruction manuals.

10576

CSO: 3617/80

HOEKZEMA ON PLANNED PERSONNEL POLICY CHANGES

Amsterdam ELSEVIERS MAGAZINE in Dutch 17 Dec 1983 p 15-17

[Interview with State Secretary of Defense Hoekzema and Article by Frank Lafort: "State Secretary of Defense Hoekzema Wants 14 Million Guilders to Sweeten the Pot for Draftees" Time and place of interview unknown. Text in // printed in italics.]

[Text] Drs Willem Klaas Hoekzema, the liberal state secretary of defense especially charged with the personnel policy in his department, will have a nice pot-sweetener next year for the approximately 46,000 drafted military personnel. The way the cards are shuffled now, they will get about fourteen million guilders extra in 1984. A one-time "payment" which will be considered as reimbursement for the overtime which draftees will perform in 1984. But where will these millions of guilders come from in such socio-economically miserable times?

Drs Hoekzema: "This sum is directly derived from a compromise which I recently arrived at with the military interest organizations concerning their health insurance. In the framework of that compromise, funds which were present for the overtime arrangement--about 31 million guilders in 1984--are blocked and the working conditions for civil servants and military personnel will be compared. Drafted military personnel will also be included in the comparable working conditions arrangement, which is to be instituted by 1 January 1985. Nevertheless, drafted personnel should not be cheated by this compromise, which is not of their making. Consequently, I freed up these 14 million guilders for this category. In cooperation with their representatives, I want to arrive at a goal for that money. Since each draftee must work overtime and since these are so-called extra-demand funds, the draftees will probably receive an additional gross supplement to their pay, a supplement that will not be made permanent, since I do not wish to get ahead of the working conditions arrangement."

For the draftees themselves, many changes will be instituted in this government period, if Drs Hoekzema gets his way. For example, the functionary is toying with the idea of changing the period of service, which now is 14 months for everyone, by increasing it for the technically more valuable services and lowering it for the simpler functions. The latter plan would likewise allow a greater distribution of the burden of military service.

according to the official, who himself is chairman of a steering committee which is to formulate recommendations on variable periods of service in the second half of 1984. "When Leopard tanks are introduced this problem will gain importance. Defense often works with complex weapon systems. Military personnel must match these systems with training and expertise. The first thought that surfaces is: then we will need more military professionals. In the new defense note, we point out that draftees play a special role in the armed services. They are not only irreplaceable to help man the service, but they also stimulate intensive interaction between the military and society. The presence of tens of thousands of young people promotes the necessary openness regarding developments and ideas which originate elsewhere. In this way, draftees contribute /to public acceptance of the armed forces./"

According to Drs Hoekzema, the consequence of this philosophy of policy is that highly specialized technical functions in military action must remain open to draftees. Especially to avoid a situation in which draftees, who are receiving increasingly better training in civilian society, are only allowed to perform the simple functions in the army. In short: the term of service will be adjusted for a number of functions in the armed forces. Drs Hoekzema: "We propose to give young persons who are drafted as many chances as possible to ease the transition to civilian society. If you give them good functions in the armed forces in which they gain valuable expertise, that is definitely not a bad position from which to return to civilian life. Let us hope that the economic situation will soon cooperate with this."

[Question] What length do you envision for the variable terms of service?

[Answer] "Thus far I have left that open. The current draft law provides for 24 months. A project group which is working under my steering committee is to study what extensions are necessary for what functions. /It is clear that there must be changes made in the length of service./ If we do not make such changes, it causes the draftees to doubt the meaning of their contribution. That is something we must take into consideration."

[Question] Do variable terms of service also mean variable pay for the draftees?

[Answer] "That is possible. The project group is also considering what changes are possible in the pay scale. My philosophy is roughly the following: the longer you serve, the higher your pay, the shorter, the lower. A complicating factor is the fact that we are receiving no additional funding for this operation; that is, everything must be financed within our current budget. We now work with many short-term volunteers who receive good financial premiums. My idea is to have draftees fulfil a number of the technical functions requiring high qualifications which are now being carried out by the temporary professionals. That would give us a bit of extra financial play."

The new defense note pays a lot of attention to the acceptance of the armed forces in all its facets by Dutch society. The government officials (minister De Ruiter and the state secretaries Van Houwelingen and Hoekzema) formulated that as follows: "Consequently, working towards social acceptance

shall and must be one of the guidelines for the entire defense policy." Obviously, no matter how efficient and effective a defense organization is, if it is not supported sufficiently by Dutch society, its own survival is thus threatened and thereby all the values and norms which it protects in a democracy. That is why defense must be rooted in civilian society. According to the defense note: "Spiritual preparedness for defense and the desire of a society to protect its traditions and possessions are necessary conditions for a credible military defense." However, love cannot come from one side alone. According to Drs Hoekzema, the political leadership of the ministry of defense must do everything within its power to assure that the armed forces are accepted by society.

[Question] Doesn't this position conflict with what the note on defense calls the specificity of the Dutch serviceman?

[Answer] "In the past, the servicemen and their representatives often claimed that they have an completely special position in society. We must neither exaggerate nor try to cover up that special position. The armed forces do have a special task: to defend our territory and that of the other NATO member states with the help of our allies. The armed forces are intended prevent war. If by some chance they are not successful, then they must contain the war as much as possible. This task results in a number of psychological and physical demands that are placed on servicemen. In addition, we demand complete deployability of our personnel. After all, we must be able to count on them at all times. Use of the right to strike is thus not possible. Furthermore, in the course of his career, a serviceman often has to change his function or location, and there are special military legal and penal codes. In short: extra demands are placed up servicemen and they are not allowed to exercise their basic rights to the maximum. That is what I mean by the specificity of being a serviceman. Reasoning on from there, I arrive at the military pay structure. My argument is that their pay system must be as clear and as transparent as possible both for the Dutch public and for the military. This is necessary to prevent misunderstandings."

[Question] In the defense note it is announced that military pay will be linked to the salaries of civilian personnel. Is this a covert money-saving scheme?

[Answer] "Military personnel are part of the government. That fact must be reflected in military salaries. That is why military personnel will soon receive a base salary derived from the pay resolution regarding government officials. However, we place /extra/ demands upon the military. That will then be reflected in /supplementary payments/ on top of the base pay. This is therefore not a covert money-saving scheme. Incidentally, these plans still must be discussed with the military interest groups."

[Question] What concrete instruments do you have at your disposal to promote public acceptance of the Dutch armed forces outlined in the defense note?

[Answer] "Our own policy is the most important instrument. That is expressed in internal and external informative material. For example, the way in which the new defense note was presented was part of the informative process. In it, we indicate why armed forces are necessary and how the Netherlands' defense efforts as a NATO ally should be directed in the world play of forces. The defense note also mentions nuclear weapons. They are horrendous weapons, yet their task is to prevent war. In view of the great tensions in the world, the cabinet has arrived at the conclusion after careful analysis of the problem that such weapons are necessary to maintain peace. Nuclear weapons as political instruments are not intended to represent a threat but to restrain a potential opponent from armed conflict. All of those things are in the defense note. But back to public information. In that regard, the information officers of the ministries of defense and foreign affairs work together very closely. For example, foreign affairs is now preparing a brochure on the problem complex of peace and self defense. The ministry of defense itself does not work behind closed doors."

[Question] Still, there are probably very few Dutch citizens who are going to plow through the hundreds of pages of the defense note.

[Answer] "An issue of the defense newspaper was devoted to the defense note, and in January a popular summary will follow. That is a very direct way to inform the public. Of course, that is necessary so that our defense policy can receive the proper attention in our open society. After all, it is a fact that there are a number of aspects of the defense note which interest the public at large. Think of the Dutch public that soon may be spending sleepless nights over the nuclear arms policy that its government has outlined, and later on over the new pay structure. Another kind of information is the fact that the minister and his two state secretaries are going to discuss the defense note in its entirety with representatives of the military in centrally organized military talks. This is a superb situation for talking about all of the effects of the defense policy with these representatives."

The new defense note states that public acceptance of the armed forces as an essential factor in the protection of Dutch society has become less than self-evident due to the controversial nature of a number of military options (such as nuclear arms). Next year the nuclear section of the defense note will probably be published. That means that stationing of a number of cruise missiles and possible passing on of a number of nuclear obligations are linked together, a connection which premier Lubbers has already termed "unwise" and "dangerous" in his weekly press conference.

[Question] Does the possibility exist, according to you, that such a political link will be proposed in the nuclear section of the defense note which is to be published next year?

[Answer] "Where the Netherlands' activities in nuclear matters are concerned, it is wise to arrive at decisions which affect as global a range of activities as possible. Of course, such decisions must be arrived at carefully. After all, the view of the cabinet is that the role of nuclear weapons should be reduced at the negotiating table in Geneva. We still hope

that results will be achieved there, even though Great Britain, West Germany and Italy have already made preparations for stationing new cruise missiles."

[Answer] That still is not an answer to our question.

[Answer] "Now that we have completed the conventional side of the defense note, we are going to continue with the nuclear policy in the spring within the framework of NATO consultations which are still needed. In doing so, it is my philosophy that within the overall nuclear policy, the nuclear obligations of the Dutch armed forces must be regarding in connection with the question of whether or not to station cruise missiles."

[Question] In other words, a political link?

[Answer] "In my view, there thus exists a political link between the two."

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OSO: 8614/33

FRYDENLUND DISCUSSES VIEWS ON MILITARY'S LONG-RANGE PLAN

Helsinki HUFVUDSTADSBLADET in Swedish 9 Jan 84 p 6

[Article by Nina Sandas]

[Text] This article by HUFVUDSTADSBLADET's Oslo correspondent Nina Sandas deals with Norway's will to defend itself and its strategic situation.

Oslo--According to all the opinion polls, the Norwegians are highly motivated to defend themselves--more than any other people in the world. In a major international survey in which defense morale in 12 Western countries including Japan and the United States was compared, Norway was at the top of the list: 87 percent were willing to fight actively to defend Norwegian territory.

Of course, this is an extremely positive trend, according to military leaders in Norway, but they say that the economic resources for defense purposes are not available to the same degree. And yet Norway is one of the few NATO countries that have followed the NATO recommendations that call for a 3.5-percent annual increase in defense appropriations.

Is money the answer to the military problems in Norway? There is a lively debate underway on this topic in Norway. Some answer this question with a resounding "yes," while others claim that the main problem is the structure of the Norwegian defense system. Operating costs take such a big bite out of the budget that there is much too little left for new investments and materiel procurement.

The entire complex of problems may be readily seen in the next 5-year military plan, now being debated in parliament. The politicians must decide whether Norway will maintain its defense capabilities or strengthen them with the resources that are available.

Quantity Versus Quality

Former Foreign Minister Knut Frydenlund of the Labor Party, who is now chairman of the defense committee, took up the question of quantity versus quality in the Norwegian military. The development of weapons technology is proceeding rapidly and costs are climbing at an alarming rate.

As an example, he mentioned the F-16 planes Norway purchased for 100 million kroner each, compared to the F-5 planes of an earlier generation, which cost 5 million kroner. Norway cannot compete with the superpowers over the entire spectrum of weapons technology, according to Knut Frydenlund.

He also dealt with the so-called threat, which changes continually and must be countered. Frydenlund referred to certain military experts who now believe that the Soviet strategy is intended primarily to guarantee a rapid breakthrough in Central Europe. Of course, this would have an impact on the defense of southern Norway.

Battle For Atlantic Decisive

But the defense of North Norway remains the focus of the Norwegian defense plan even today. It is not difficult to understand why. The strategic importance of North Norway for NATO and for Norway is great in several respects. According to NATO strategy, the Soviet fleet in the north must be stopped near the Kola Peninsula or even at its home base. The battle for the Atlantic was decisive during World War II. The same will be true in a third conventional world war, according to NATO.

To maintain control over the Atlantic, the allies must command the Norwegian Sea and guarantee that reinforcements reach Western Europe from the United States. Thus, Norway would play a key role as a base for allied offensive air operations to stop Soviet submarines and other vessels in the Barents Sea. An equally important task of the air force would be to neutralize Soviet bases and forces in the Kola region.

On the other hand, Norwegian territory also would be important to the Soviet Union during a war: to protect its own bases and forces on the Kola Peninsula, to provide advanced air defense, and to establish bases farther west for its navy and air force.

Russians Vulnerable

On several occasions the American naval chief John Lehman has discussed the strategic importance of NATO's norther flank. Because of the Russians' vulnerability on the Kola Peninsula, the Americans could put a cork in their bottle, i.e. cut off all ocean traffic to and from bases on the peninsula.

During a visit to Norway last fall, Lehman advocated allowing American aircraft carriers to operate farther north in the Norwegian Sea than previously. According to Lehman, it would be to Norway's advantage if these carriers regularly visited the northernmost waters of the Norwegian Sea, so that they would be better able to counter a possible attack from the east.

This idea may not yet be official American security policy, but Lehman's ideas concerning advanced positions for the American navy were immediately countered in Norway by security experts.

Reduced Tension Desired

Johan Jorgen Holst, director of the Norwegian Foreign Policy Institute, said that this could threaten the policy of reduced tension Norway is seeking in the north. The chairman of the defense committee in parliament, Knut Frydenlund, said he could understand the concern of the United States over the Soviet buildup in the north, but he also stressed that Norway was not interested in any confrontation with the Soviet Union. Avoiding such a confrontation is a conscious Norwegian policy, but it is just as clear that Norway opposes Soviet expansion.

The American signals have been much more enthusiastically received by the Norwegian military. An American aircraft carrier group in the Norwegian Sea would be the best security guarantee Norway could have, Admiral Hakon Ellingsen said earlier last fall. His fellow Admiral Reidar Berg also fails to understand talk from Johan Jorgen Holst and others about reduced tension in the north. "The Russians have nothing to fear from us. There is only one possible aggressor in the north: the Soviet Union."

Thus, North Norway is an extremely sensitive region. Norwegian authorities have voluntarily placed some restrictions on the military in order not to irritate Norway's neighbor to the east. For example, joint NATO maneuvers are never conducted in the easternmost county of Finnmark. Allied planes are not permitted to cross the 25th meridian, although Norwegian planes fly farther to the east.

'Contributes To Increased Tension'

NATO critics, on the other hand, claim that Norway is contributing to increased tension in the north. This claim is based on the fact that Norway (in certain cases, without the full knowledge of the political authorities) has been involved in American military surveillance of the Soviet Union.

One example of this is the so-called SOSUS system, an advanced American underwater listening system, designed to locate submarines. SOSUS covers the waters between Svalbard and North Norway. The existence of such surveillance posts in Norway has never been confirmed officially. But military experts in Norway and abroad take their existence for granted.

Last fall the newspaper IKKE VOLD published an article containing allied information on the SOSUS system. It revealed, among other things, that a listening post would be placed on Andoya Island in Vesteralen. The newspaper's editorial board members were questioned in a major police raid. Eventually they will be tried in court, accused of endangering the security of the kingdom.

The so-called IKKE VOLD affair is only one in a series of much-publicized (and painful for the authorities) trials in which security experts and pacifists have been punished for publishing information on the military. There is an

ongoing debate in Norway over how much military information should be available to the public. Many people also are surprised that certain information is classified in Norway, while it is readily available in American archives.

The reality remains, however, that Norway is part of NATO's vital northern flank and is an integral part of the NATO defense strategy. The defense of northern Norway will be the subject of three articles. The next article in this series will deal with the controversial prestockage of military materiel for American marines.

9336

CSO: 3650/105

ECONOMIC CONSTRAINTS FORCING CHANGE IN MILITARY FORCES, ROLES

Helsinki HUFVUDSTADSBLADET in Swedish 9 Jan 84 pp 2-3

[Article by Christoffer H. Ericsson]

[Text] During the summer and fall of 1983, our neighbor to the west seemed to come to the realization that the nation's future is being obscured by driving banks of clouds. The prospect of future material growth that has remained unbroken since the mid-1800's no longer seems certain. For the military fraternity, this development did not come as a surprise: it is the job of the professional military to look the situation straight in the face, calculate the danger, and take steps for dealing with the extreme situation that arises when diplomats and politicians are forced to give up.

Swedish military journals are responding to the situation in a highly realistic manner: one example is a series of articles in ARMENYTT, in which a simulated Warsaw Pact operation against the Skane coast is described in its successive stages and illustrated with authentic photographs borrowed from current joint maneuvers on the other side of the water. Also part of the picture are reports on current reorganizations, the designing of new equipment and new weapons, recruitment in the Home Guard, brochures for reservists, and so on. Typically, Sweden is concealing nothing: professional journals are reporting on new weapons and publishing sketches and diagrams. They are also justifying the formation of new wartime units or experiments with special new units with indications as to the planned equipment, vehicles, and communications equipment. And it may be just as well. The espionage that is everywhere snoops about for the desired vital information anyway--it is considered cheaper to use agents to copy first-class equipment than to design and produce it oneself. Swedish technology is tops from the international standpoint, and the nation's theoretical possibilities for maintaining a sophisticated defense force are therefore regarded as favorable.

For many an outsider, the total picture of Swedish defense is nevertheless unclear because the human factor here is an unknown quantity. A standing army of professionals handles most of the tough chores. Conscripted amateurs follow their leaders only as long as there is strong motivation--and if the soldier material can cope with the physical and especially psychological stress. The Swedish welfare society is not particularly well suited for developing interest in the soldier's role in a realistic defense situation.

But events during 1983 have nevertheless changed people's attitudes. In an interview with Lt Gen Nils Skold, Sweden's army chief of staff (published in CIVILFORSVARSTIDNINGEN, September 1983), the general described the spirit among reservists as good and emphasized the influx of recruits into the volunteer Home Guard (the equivalent of Finland's discontinued Civic Guard), which now has more members than at any time during the 40 or so years it has been in existence.

The geographical picture of Sweden's defense force has not changed. The "standard" zones, so to speak, are still arctic Norrland and the open plains of Skane--a Central European type of theater for armored operations--and those zones require completely different armament and tactics. To those zones we should probably add central Sweden and the central lake plateau, which provide a way westward for an attacker. The job of warding off an attack on Sweden with its elliptical shape--with 1,600 kilometers of exposed Baltic coast (from Skane northward) and another 300 kilometers of arctic border with Finland--requires considerable resources: air and naval forces, of course, but chiefly a mobile mechanized ground defense force, which in the south should be able to operate at a high level with armor and antitank weapons.

During the two world wars, Sweden was able to keep its foreign trade and supply lines open through ports on its west coast. It will probably be possible to keep that vital back door open during a future conflict as well, but it is doubtful whether any kind of useful communication can be maintained in the "twilight of the gods" that is expected to ensue on land and sea when the Warsaw Pact's western offensive begins.

For well-known reasons, Sweden has long kept its defense potential "on low heat." But as a result of the country's high technical level of production and know-how, the presence of both Saab and Bofors, and the nation's considerable national budget, domestically produced equipment for all three service branches has been of high international quality. Quantitative supplies cannot be assessed. Deficiencies in the defense force can be attributed to the prevailing ideology and its attitudes toward defense, not to the military leadership or the capacity of industry itself, which, as is known, could supply the whole world.

Special Position of Air Force

The Swedish Air Force has long occupied a special position. It is almost unique for a small country to have its own aircraft models covering most requirements. Planes are not mass produced in infinite numbers as they were during World War II, when fighter, attack, and carrier-based aircraft were mass produced at the same rate as cars--and used up just as fast. Today an attack plane is a tremendously expensive platform for advanced electronic technology and weapon systems. The acrobatic duels of World War II are part of the past: speeds of over 2,000 kilometers per hour are now the means of "combating" automatic and electronically guided weapons: rockets or missiles.

The Viggen AJ-37, a Saab-built combination fighter-attack plane, combines excellent characteristics: a maximum speed of 2,135 km/h, first-rate acceleration,

and good maneuverability. But this aircraft type can also fly low and has a slow landing speed allowing it to operate from sections of national highway that have been designed and built as secondary military landing strips. The aircraft has been built in relatively small quantities, and the same basic body is used for the SH-37, a naval version for maritime surveillance and attack roles. There is also an unarmed variant with a nose camera. The delta-wing Viggen is gradually replacing the older Saab-35 (Draken), but the Draken has by no means seen its best days. It is still being used in four air wings. At the same time, development work is underway on the Saab JAS-39 (Gripen), which has not yet been photographed in the air but which is to be in service by the mid-1990's. Sweden has no use for offensive long-range bombers or for reconnaissance planes for large expanses of sea. It therefore gets by with Saab's versatile "box of building blocks." There is extraordinary strength in being able to work with one basic aircraft type or "construction kit" from the standpoint of training, maintenance, and supplies of spare parts. (Compare Finland's situation in 1939-1944, with its motley multiplicity of foreign aircraft types that had been bought in small handfuls from time to time.) In this respect, Sweden can be regarded as a big power on a small scale. By way of comparison, one can mention an undertaking such as the Panavia firm, which was established by the FRG, Great Britain, and Italy (Belgium, Holland, and Canada backed out) to develop the Tornado, a multirole combat aircraft for joint use within NATO.

It goes without saying that the Swedish Air Force is a place for professional people and one where the role of conscripts and reservists is relatively obscured. Every trained pilot-scout-photographer is the result of a lengthy and expensive training program and therefore difficult to replace. And the experience of technical ground personnel is the result of lengthy practice. A modern air force can never be improvised, as was done in World War I.

Navy's Mission

The navy's development--or, more accurately, its gradual decline--from its level at the end of World War II in 1945 can easily be followed in the yearbooks: gone are the old coastal armored vessels from the 1910's, and gone are the cruisers--including the two beauties that were put away almost as soon as they were built. Gone are the destroyers named after cities and the parallel destroyers named after provinces. Also scrapped are the outmoded torpedo boats from the early 1900's. All of this is consistent with international developments. The big artillery vessels were condemned for good after the nuclear tests on the Bikini Atoll.

Nowadays, and especially in the Baltic Sea, a destroyer is a big and vulnerable vessel. The attack role has been taken over partly by submarines and partly by the small "gunboats" (from 100 to 300 tons), which can do from 30 to 40 knots and which appear carrying either torpedoes, missiles, or multipurpose automatic guns with sophisticated homing equipment. The missile can be fired from a light vessel that skims the surface, but it has the same deadly effect as a projectile fired by battleship artillery--which is carried by absurdly big and expensive armored vessels of deep draft. Many navies have therefore started developing a new type of vessel!

Sweden's inventory of submarines consists of 16 units divided into four groups, all produced entirely in Sweden. They are conventional diesel-powered boats with torpedo tubes and are designed for clearly defensive roles. Regarded as internationally interesting is the Nacken class (three units), which is equipped with eight torpedo tubes and has an underwater cruising speed of a full 20 knots.

The "gunboat" developed gradually out of the Spica class (Spica I), six units of which were built in 1966-1967. The type has a shallow draft (1.6 meters) and a long profile and presents a low radar silhouette. It displaces 190 tons and is powered by three Rolls-Royce Proteus gas turbines that develop 12,000 horsepower through three propellers. The Spica I does 36 knots. Out of that seaworthy and versatile torpedo boat (with six tubes) was developed the Spica II (12 units). The new type has a somewhat greater displacement of 230 tons, made necessary by what one might call the obligatory electronics for radar, homing equipment, and so on. This type has become the platform for the Saab-Bofors SBMC [Saab Bofors Missile Corporation] missile, which required that four of the six torpedo tubes be left ashore. After the first 12 units in the Norrköping series were built, another 17 in the Hugin series were built, and they in turn resulted in the Spica III, known as the Stockholm class. It had now become a vessel of 320 tons with a speed of 37.5 knots.

Those very useful vessels resulted in the death of Bofors' old reliable 40mm automatic gun, but its replacement was the firm's new 57mm L-47 piece, a typical multipurpose gun that meets the requirements for versatility. This new gun is combined with the above-mentioned SBMC antiship missile, which is easy to fire and is said to be very good at finding its way among rocks and skerries at low altitude.

The 37 combat vessels of the Spica class are completely replacing the now-scrapped inventory of antiquated and aging vessels, big and small, from two big wars. The obligatory inventory of medium-sized minelayers and minesweepers totals about 100 units, and there are three seagoing minelayers. The always complicated technology of naval mines has been made even more muddled by the progress of electronics. The secrets of the Swedish minelaying service seem, on the surface, to be well protected, although large minefields were laid out during World War II--a circumstance that naturally led other powers to sweep for the mines and analyze them.

As in all navies, responsibility for expensive state property--machinery, equipment, and weapons--rests on a well-trained cadre of personnel. Civilian seamen and nautical amateurs are in good supply in Sweden. Unfortunately, the merchant fleet--which is the most important pool of reserves--has melted away as a result of dismal international conditions, but also because of shortsighted and selfish actions against the shipowners by the union organizations. But Sweden is a nation of "salts" and can scrape up seagoing people.

Ground Forces

The quality of the ground forces in a realistic situation is difficult to judge, especially when the picture is distorted by the fact that peacetime units have been abolished in assembly-line fashion--a process that generally could be

interpreted in only one way. In the interview mentioned earlier, General Skold corrected that interpretation by saying that the cuts in no way affect the war-time units--the troops "on paper"--which, on the contrary, have continued to expand according to plan. The Swedish Armed Forces and the Home Guard are developing rapidly, mechanization and mobility are being increased, and new weapons are being designed and mass produced. The army's technical resources are good, personnel reserves are now sufficient, and attitudes toward the Armed Forces have shifted. "The spirit is good," the commander in chief says optimistically.

The Swedish ground forces are organized on the basis of brigades, meaning that the independent operational unit is smaller than a division. The brigade can be regarded as a "minidivision," but with no great sacrifice of special weapons and functions. Sweden has developed special types of brigades for different geographical zones: Norrland brigades for wilderness and winter warfare, ordinary infantry brigades, armored brigades for the open plains in the south, and mechanized brigades for joint action with the infantry. Independent mechanized battalions can either be added to the infantry brigades or operate independently. The army has long had its own armored vehicles (102's and 103's), but it is now developing lighter combat vehicles such as armored reconnaissance vehicles or light unarmored tracked vehicles for difficult terrain. Older armored vehicles are being rebuilt to meet new requirements as antitank weapons using automatic guns or missiles or for use as mobile mortars or antiaircraft guns. Entirely new prototypes are being developed, but they are not expected to appear before the 1990's. An important addition will be the domestic 56 Bill antitank missile, which was developed especially for pine forest terrain. The three service branches are in an especially favorable position thanks to the domestic arms industry.

Soldier Material

Prosperity, a high standard of living, and ideas about absolute security do not make for good soldier material, regardless of how important a high level of technical know-how is to the conduct of strong technical warfare. As a result, there is uncertainty as to whether the younger people in particular will be able to adjust to the psychologically destructive experience represented by combat with modern weapons, destruction, and casualties.

Will the nonprofessional reserve units withstand the mentally overwhelming assault by a superpower's incredible arsenals? Those arsenals can be counted up on the basis of Swedish and Western technical journals and yearbooks on naval, air force, and armored units, as well as special books published in the West on modern aviation.

The Swedish officer corps also lacks experience with the everyday reality of war despite the high level of training. The question of whether Sweden's field army will be able to sustain initial losses but still pull itself together for continued purposeful combat should therefore not be taken as a criticism. The question does not arise in the case of the air force and navy, both of which have a high percentage of permanent personnel and younger officers, all of whom are eyeball to eyeball with the opponent. The defeatist heritage of generations

of Social Democratic rule softened traditional Swedish instincts for defense. It took the year 1939 and Hitler to make the ruling Swedish Social Democratic Party wake up. None of the big Social Democratic leaders--Branting, Per-Albin, or Palme--was or is able to guarantee the apparent security of the "People's Home" [Sweden] in a markedly evil world.

The influx into the Home Guard following a deep trough during the 1960's and 1970's is an indication that the nation, viewed as individuals, realizes the seriousness of the situation and now wants to defend house and home. The Home Guard is not intended to provide effective combat-ready units corresponding to the big Civic Guard units in Finland's history, but it relieves the army of responsibility for such secondary tasks as guard duty and so on. The quiet influx into the Home Guard is less spectacular than peace marches and demonstrations against deplorable developments taking place high over the heads of small countries, but it yields a better return for one's efforts than sowing defeatism and feelings of powerlessness does.

Sweden's ancient Nordic peasant freedom and the democracy that sprang from it are a precious heritage. The best "peace movement" is a usable defense system based on the foundations of democracy and a people united in will.

11798

CSO: 3650/102

JAPAN MAY REFUSE EXPORT LICENSE FOR ANTISUB HELICOPTERS

Stockholm DAGENS NYHETER in Swedish 10 Jan 84 p 13

[Article by Anders Ohman]

[Text] Should a Japanese guidance system for Sweden's heavy military helicopters be seen as war materiel if it is used to hunt foreign submarines in Swedish waters?

This question was put before FMV (Defense Materiel Command). Japan, which has strict regulations governing the export of war materiel, has not yet indicated clearly whether or not the automatic guidance system will be delivered to Sweden.

"We are in a sensitive negotiating position and, for this reason, we would prefer not to discuss the matter. But we do not believe that the guidance system is war materiel. The helicopters are used for civilian purposes, including emergency rescue missions," press secretary Bertil Erkhammar of FMV told DAGENS NYHETER.

The Japanese company Kawasaki manufactures the guidance system the Swedish military would like to obtain.

Four air force helicopters are to be equipped with the system. With the new system, a helicopter could fly under conditions of darkness, fog, and poor vision, at a high velocity and low altitude (about 9 meters) and stop in the air over a predetermined position.

A helicopter with these capabilities is extremely useful, both for rescuing people in distress from the surface of the water and for hunting submarines, i.e. for hydrophone surveillance over an area of water and for dropping depth charges during a submarine hunt.

If Japan, with its strict regulations on military materiel, demands that the helicopters not be used for hunting submarines, it will be impossible for Sweden to accept such a demand.

Negotiations with Japan have been underway for 2 years.

Just before Christmas, FMV announced that SAS-Arlanda had been given the task of converting seven heavy Vertol 107 helicopters. The contract is worth 40 million kronor. Four of the helicopters belong to the air force and the other three belong to the navy.

The first of these rebuilt helicopters will be operative this fall, according to the timetable.

9336

CS0: 3650/105

NEED FOR EEC AGRICULTURAL POLICY REFORM

Rome MONDOPERAIO in Italian Dec 83 pp 41-46

[Article by Secondo Tarditi]

[TEXT] The collapse of the summit talks in Athens brutally underscores the urgent need for revision in the EEC's farm policy, which in the past was considered the motor force behind the process of European integration but now may well put an end to it forever.

While at the time the Community was formed it was correct to support the prices of some basic agricultural products so as to achieve higher levels of food self-sufficiency, now that the Community has become a net exporter of major farm and food products, it no longer makes sense to go on stimulating supply at uneconomic prices to the detriment of consumers and taxpayers, much less to do so for the already privileged classes. Priority must go to support worker income, not to fatten profits on farmland or on capital in the broad sense, and this must be done across the board, without discrimination among producers. Only if a measure of reason is restored to price policy will Germany, Holland, and Great Britain agree to an increase in the EEC's budget.

On his return from the recent Athens summit, our Prime Minister, reporting the failure of this big chance to get the process of European economic and political integration going again, he repeatedly underscored the need for using the time between now and the imminent Paris summit for some hard thinking about the way it all began and about the experience we have gathered in these first 25 years of the life of the European Community.

What Craxi had to say is particularly pertinent to the Community Agriculture Policy (CAP), which used to be considered the engine that would drive the European integration process, but which now bids fair to bring it to an end, and therefore is more than ever in need of some rethinking about the goals as well as about the policy tools we have been using up to now.

To this end, we shall find some enlightenment from the concepts of merit and need applied to the assessment of political activity in the broader sense. In the economic sector they find a counterpart, so to speak, in the concepts of efficiency and equity regularly utilized as standards for judging government intervention in specific productive sectors such as agriculture. These two concepts are clearly invoked in the Treaty of Rome which established the European Economic Community, where it cites the goals of the common agriculture policy in Article 39.

In the following pages we shall be suggesting a summary assessment of CAP on the basis of these two criteria, and consequently on the basis of its consistency with the goals set forth in the Treaty of Rome. Subsequently a suggestion as to a possible reform in CAP which would respond better to the suggested goals, would be consistent with current government intervention in the other sectors of the economy, and would encourage an inter-regional as well as an international drawing together within the EEC, with an eye to swifter European economic integration, according to the hopes and dreams set forth in the Preamble to the Treaty of Rome.

An Inefficient Policy

Without seeking to denigrate the positive aspects of CAP, we must perforce return a negative answer to the question of the efficiency and efficacy of Community farm policy. First born in 1962, as a fairly balanced policy, with intervention in the short term through farm price policy and long-term intervention through policy on production structures, CAP promptly plunged into a decline, with profound impact on its internal balance. Even as it soaked up more than two-thirds of the Community budget, agricultural spending, financed by the European Orientation and Guaranty Fund (FEOGA), after a few years was spooning out for improvement to productive structures less than 5 percent of available funds, and pouring almost all common spending into price and market policy. This expenditure has been used all these years to support basic product prices: cereal grains, dairy products, cheese, and meat; meanwhile the prices of Mediterranean products -- fruits, vegetables and citrus -- got only miserly support.

There might have been some sense to this discrimination in the early years of the EEC, when our market was a net importer of basic farm products, because a minimum of self-sufficiency is obviously more important for bread, milk, or meat than for fruit or flowers. That skewing of the price-support system, however, lost its primary justification as time passed, as the Common Market was

on its way to becoming a net exporter of basic farm products, thanks to the high level of domestic prices, and the prime motivation for agricultural policy was becoming a system designed to protect farm earnings. Given current conditions, it is hard to see why a Mediterranean farmer should receive less cossetting than a farmer in the Po Valley or in Northern Europe.

This lack of economic logic in relative current levels of farm price supports is flamingly evident even among the most protected branches. Last year some 8 trillion lire were spent to replace exports, so as to sell our excess production below cost. Of this more than 3 trillion can be charged to the dairy and cheese sector alone, which also soaked up some 1.700 billion lire in the form of subsidies for miscellaneous surplus sales deals on the internal market and required more than 450 billion lire to pay for storing surplus butter and powdered milk. The situation has grown even worse this year: right now, our warehouses hold some 900,000 tons of butter and more than a million tons of dry milk. It is mainly on account of these increased expenditures that we have hit the ceiling set by the Community budget.

Expenditures for disposing of the surpluses would not be quite so alarming had they not been a signal of the skewing in the relative price levels generated by CAP, and hence of the inefficiency perceived now at the interface level between agriculture and the other sectors of the economy, at that level between corporations with different crop orientation, and at the territorial level between Mediterranean and continental crops.

We haven't the time to expatiate at length on our relations with third countries, which have always complained of the Community's protectionist policy in the agricultural sector, both because of the way it distorts the price structure on the world markets and because of its peculiar system of duties and export exemptions which varies according to the trends in world prices. By operating this way, the Community totally stabilizes prices on the internal market and makes no contribution toward reducing the wild fluctuations in prices on the international market, but actually worsens them by dumping the instability of the Community supply onto the world market. The contracting power the EEC could command should there be a gradual reduction in its protectionist posture would enable it to encourage international agreements consistent with greater efficiency and equity on the international market for farm products, enhancing its political importance especially vis-à-vis the less developed countries.

We cannot in fact even consider helping the Third World by using it as a dumping ground for our excess production. The more imminent risk is that of generating imbalances in the local price systems, thereby stunting the growth of their agriculture, which in many instances is their major resource. In years of widespread famine prices go up on the world markets and surpluses tend to

dissipate at the very time they would be of maximum benefit to the desperately hungry countries. The experience of 1973-74 should have taught us something. At that time, prices for farm products were rising rapidly, international aid underwent savage cutbacks, and hundreds of thousands of people died of hunger in the Sahel and in Southeast Asia. In relations with the Third World, particularly, the solution to the food problems lies not in handing out a crust of bread when we have too much, but in teaching these countries to make their own more efficiently, or in working out mutually advantageous international agreements when conditions are present in terms of compared advantages.

An Unfair Policy

The concept of fairness is not so easy to define as is the concept of efficiency. We can choose a very bland definition which will, nonetheless, allow us to use this basic concept in assessing CAP. It should not be too hard for us to brand as unfair a policy whose effect, direct or indirect, is a redistribution of income from the poorer classes to the more affluent, in contrast with current tax and redistribution policies. In this specific case we can also refer to letter b) of Article 39 of the Treaty of Rome which, among the goals of CAP, stipulates that of assuring "a fair standard of living for the agricultural population, thanks in particular to improved individual incomes for those who work in agriculture."

CAP, as it exists today, unquestionably gives rise to income transfers away from the non-agricultural to the agricultural sectors through price supports and hence to a transfer away from sectors tending to be richer to a poorer sector. However, if we look a bit deeper into income transfers at the personal, rather than at the sectorial level, we find that the transfers tend to run disproportionately away from lower-income consumer families, meaning that food costs account for a high percentage of the family budget, and toward the agricultural businesses that sell a larger quantity of products, either because they are bigger or because they farm more fertile lands and thus enjoy more abundant harvests. At the inter-personal level, thus, the income redistribution generated by CAP takes place primarily from people with lower incomes to people with higher ones, as demonstrated by empirical research into the matter.

Income redistribution from the functional point of view certainly does not come about in such a way as to favor the labor factor, but goes rather in large degree to individuals whose income derives from farmland, thanks to the lesser elasticity of supply in this production factor. The way land prices have risen in response to CAP are further evidence of this. In short, the price-support policy, which is by far the biggest instrument for CAP intervention, is generating an unfair redistribution of incomes and hence runs counter to the goals set forth in the Treaty of Rome.

This redistribution at the inter-personal level reveals its impact at the inter-regional level, where the regions poorest in food products transfer income flows to the regions with a surplus by paying high prices for imported products as a consequence of the ubiquitous price supports. Well, the regions that do not produce enough food to feed themselves are not those that are richest: far more frequently the opposite is the case, which is why poor regions like the Basilicata or Sicily, as net importers of farm products at prices that are very high as a result of current farm policy are transferring part of their food spending to regions in Holland or Denmark, for example, which have per-capita incomes averaging far higher than theirs and are therefore producing more basic farm products than they can possibly consume. These secondary effects of CAP are certainly not consistent with the goal of reducing the disparities among the various regions and reversing the lag of those less favored as expressed in the Preamble to the Treaty of Rome.

What Kind of Support for Farm Incomes?

The need for recasting CAP has been voiced by scholars of the economic-agrarian problems ever since it was instituted, gradually won a hearing in the political and organized labor community as the years went by, and now it is all but universally accepted. With its mandate of 30 May 1980, the Council asked the Commission to draft an outline of this reform, and ever since then reform of CAP has been officially the center of heated debate, which recently shot up by several degrees in response to the discovery that there is no way to cover all the expenditures called for out of what remains of the Community budget.

In order to recast CAP we need a clear perception of its basic flaws and hence a clearly defined long-term goal, so as to be able to step in, even for the short term, in a consistent manner, and culminating in a transition period which will of necessity be long, in view of the organic distortions the price-support policy has generated, even in the productive structures, over the past 20 years. The most serious flaw in past CAP management has probably been this: it has acted invariably in a short-sighted way in response to temporary emergencies, at the urging of this or that pressure group without any clear perception of where its acts would take it: were this not the case, it would be impossible to explain the situation in which we find ourselves right now.

The Council of Ministers, which is the decision-making body, and therefore bears prime responsibility for this situation, has almost always been made up of Agriculture Ministers, who for obvious reasons were more likely to gather the first fruits of short-term intervention rather than to hammer out broader policies calling for immediate investments that would pay out only in the long term.

The pervasive inattention to political structures, of which we have already spoken, is confirmation of this argument. In the second place, since we are talking about ministers for a specific sector, agriculture, it is understandable that they should have given first consideration to the noisiest interests within the sector rather than to the farther-ranging but not so visible interests of society as a whole or of those productive mini-sectors lacking massive organized voices at the political and labor levels. The present need is therefore to turn this approach around, to clarify long-term goals, and to map out a set of consistent short- and medium-term actions, complete with clear-cut definitions of the goals to be reached.

By way of preliminary, we must ask ourselves whether or not the agricultural component of the European economy ought to be somehow more sheltered or more heavily subsidized than the others, responding immediately to those who maintain that there must be complete liberalization of markets and substantial cutbacks in government intervention. Although in some less developed countries agriculture is heavily taxed to help underwrite industrial development, in developed countries this sector is invariably favored by government intervention on various grounds, including those of achieving a minimum level of self-sufficiency in food, protection of the land and of its water, and guaranteeing a minimum income level to their farm populations. In view of the importance of a minimum of nutritional self-sufficiency, the low percentage of the working farm population, already below 3 percent in some European countries such as Great Britain and Belgium, and the ever-growing need for any modern society to defend its land against abuse and abandonment, we can agree as to the advisability of continuing to maintain an agricultural sector in the modern society on a larger scale than that we should have had without public intervention focussed on this goal.

We are not going to deal with the question of whether or not we ought to be in the EEC, since that question transcends the field of farm policy and we have no doubts as to the Italian people's loyalty to the Europeanist faith. So let's get right down to the matter of how we can support agriculture most efficiently and most fairly, not to mention abiding by the aims of Community Agrarian Policy as set forth in the Treaty of Rome.

Current government intervention in the sector is guided mainly by the goal of "assuring a fair income to the farm population." No numbers are attached to this "fair income" in the Treaty of Rome, but the Community's structural policy favors the formation of businesses which, for each farm labor unit reach a level "comparable" to that of an employed worker in the non-farming regions of his particular region. On the basis of the possibility of achieving this comparable income, plans for agricultural development are financed on easy terms.

If the goal of public policy is indeed to "insure a fair income," then support for the sector ought to be channeled primarily toward that sector of the farm population which has yet to achieve that income level. Currently, as we have seen, support for the sector through prices for products flows primarily to farm operators with high levels of production and generally with incomes in excess of the "comparable" income. According to Commission estimates, farm workers with incomes topping the official comparable level number more than 50 percent in Great Britain, 40 percent in The Netherlands, and about 25 percent in France and Italy.

Give Priority to Worker Incomes

The goals of farm policy as expressed in the Treaty of Rome also make reference to the "individual income of those who 'work' in agriculture," and hence the objective to be striven for is support for the return on labor rather than on the return on land or on capital, in the broadest sense. While at its inception the Community supported prices for several products, that may well have been a proper decision in that the idea was to stimulate production in certain areas so as to achieve higher levels of food self-sufficiency and so to escape dependence on imports in case of war or economic blockade. Now, though, the situation has radically changed, and the EEC is a net exporter of basic farm and food products, so it no longer makes sense to encourage supply at socially uneconomic prices which must be borne by consumers and taxpayers alike to market the surpluses. The main goal now is to support the incomes of farm workers for the reasons already cited, and hence without discriminating between producers of one product and those of another, so as not to distort the system of prices which are still the most effective indicator for reconciling the demands of consumers and business in a market still based so firmly on competition as is that of farm products.

The farm economy literature is practically unanimous in finding that under such conditions the most effective tool for government intervention lies in direct transfer from the Community budget to the farmers and, considering the specific goals of the Treaty of Rome, we can state that this direct transfer ought to go to the labor required for farm production. Income support for a production factor like labor itself constitutes a distortion of market prices of factors with reference to a completely competitive market, yet this distortion constitutes the lowest possible social cost in that it is directly linked with the political objective of supporting the incomes of the farm population.

The aim of this kind of government intervention is certainly not that of propping up inefficient operations or the more or less hidden unemployment prevalent in farming, a problem alien to farm policy and one which fits better into a context of intersectoral economic development. The idea is rather to support the farming activity of every enterprise on the basis of the labor required to

produce the same products efficiently, by which we mean using methods which will insure labor productivity at least equal to that of the enterprises which are already reporting comparable earnings or are planning to achieve them through the farm development plan financed at low interest rates under the EEC's own structural policy.

The labor required for efficient cultivation of a hectare of land for a given quality and class of crops can be fairly accurately determined in the various agricultural situations. Parameters of this kind have long been used in assessing farm development plans and could well be adapted for any kind of smaller or even part-time farm venture without having to consult a farm budget, but solely on the basis of the acreage under cultivation and of the numbers of head of cattle grown on it. These readily ascertainable structural factors are already being utilized as data for direct income calculations in several regions under Directive 75/268 on agriculture in the mountain areas and in disadvantaged zones.

The Bitter Medicine of Restructuring

Partly on the basis of what has already been said, fairer financing of this policy would come from the Community budget, and hence from the European taxpayer. Getting the consent of Germany, Holland, and Great Britain to any increase in the EEC budget is dependent on a recasting of common farm policy and, as we have already seen, we cannot lay all the blame on them. Reform in CAP in the direction of greater efficiency and fairness should overcome the understandable distaste for increasing the Community budget, if only on the basis of the consideration that, by directly supporting return on labor, we could cut back on the levels of price supports and, in addition to eliminating most of the current waste connected with getting rid of our surpluses, consumers would be transferring a smaller share of their income to the farm sector.

Assuming that it will not be feasible, in the short term, to add enough to the Community budget to cover labor income, the reforms in CAP sketched out above could be implemented gradually while easing its burden on consumers by holding support levels for farm products at their present levels and cutting back, instead, on price supports to the producers. The difference could be covered by an increase in the level of the VAT, for example.

Let's suppose that there is a 10-year plan for straightening out CAP with the aim of replacing the present practice of support for prices with support for farm labor incomes. For the next 10 years, the annual decline of farm price supports to growers in real terms might be 10 percent of the difference between current Community price levels and the price level on a standardized world market, by which I mean the level of prices we would have without the EEC's current protectionist policy and its depressive effects, and with

all the international agreements we might conceivably reach by agreeing to dismantle our protectionist system.

This reduction of prices to the producer would not be perceived by the consumer, because it would be absorbed by a tax that would provide the Community budget with the financing requisite to provide support for worker income.

If income support is adopted solely for operations which do not achieve comparable returns, in order to make up the average shortfall in their earnings due to lower prices on the market, we should have to spend only part of the new revenues flowing to the Community budget. The remainder, presumably about a third for the early years of the reform, could be earmarked to encourage restructuring on the part of those operations which will have to change their production arrangements in response to the altered system of farm prices. This restructuring requirement will clearly hit hardest at the growers whose products currently get the heaviest support from the CAP and are hence responsible for the surpluses.

The restructuring medicine will be bitter, but it is the only medicine that can cure our ailing farm economy and hence must be sweetened with a government incentive of some sort, partly because the distortions in the price system were created by government intervention and it would not be fair to make the agricultural entrepreneurs pay the whole of the piper's bill. By taking this course we could, in the space of a decade, get ourselves a much better balanced set of prices to the producer, and consumer spending would no longer be used to create surpluses to be marketed below cost at the expense of taxpayers whose payments make up the Community budget, as is happening now, but would instead be used to make the sector more efficient and fairer than it is now.

The present flow of income transfer under CAP from non-farm to farm sectors would be unchanged, but it would yield much better effects in terms of economic efficiency and of distributive equity. Also, by increasing revenues to the Community budget from other sources, we can gradually reduce the cost of CAP to the consumer of food products, thereby further improving the distributive fairness of government intervention.

Cumulative Effects of Possible Reform

During the transition period from price-support policy to labor-income support policy, government intervention should be carefully coordinated in order to derive the full benefit of the policies adopted. It must be clear to all concerned what price levels we aim at achieving in the long term so as to impose a proper orientation on agribusiness expansion plans financed by the price-structure policy. We cannot go on financing, as we have been doing until now, agribusiness expansion plans that show a profit on the basis of the present price system and, once in place, merely help swell our surpluses. We must find the courage to tell the facts as they are, in the interests of the farmers and of society as a whole.

Providing support for agriculture on the basis of the efficient labor required in the various real environments will yield side-effects which we cannot cover thoroughly in this article. There will be a severe reduction, for example, in the incentive to abandon the less fertile land in the hills and mountains so typical of our present price-support policies. That policy in fact transfers more wealth to agribusinesses as a factor of their higher unit yields; obviously, under these conditions it is smarter to intensify production in the more fertile zones and it becomes relatively less profitable to invest in the less fertile areas. By supporting costs for necessary efficient labor in farm production we shall also be enhancing land values in many zones where yields are lower and more human labor is required in relation to the quantity of product.

In the case of the vineyards, for instance, new value will accrue to quality winegrowing in the hills, which requires more labor, and there will be a disincentive to grow poor-quality wines in the flatlands where unit yields are high, but are in many cases destined directly to the distillery at the taxpayer's expense.

By concentrating farm support on those farms and agribusinesses which have yet to reach comparable levels of return, we shall be putting into practice the same criterion that is already being used in structural policy, and increasing the consistency and the synergistic effect between the two main tools for government intervention in the sector. We shall in fact be favoring farm reconversion with a system of prices that will be better balanced than with financing to operations that must still improve their own structures so as to achieve a level of return per unit of labor comparable with that common in the non-agricultural sectors.

By narrowing the support gap between the various production groups, we will greatly simplify many of the current problems of inconsistency in CAP with the monetary policies of the several countries that have devised the various attempts at farm-currency policy. The present monetary compensatory amounts (MCAs) would no longer be necessary for cereal grains, milk, or meat, just as they were found unnecessary in the past for fruits and vegetables, products enjoying far less protection which consequently have required intervention to withhold them from the market on a far smaller scale and primarily designed to stabilize markets rather than to exacerbate structural surpluses.

In addition, a good many of our current problems with the Community budget would be simplified by easing relations among member countries. Just stop and think for a moment of the swarm of diatribes springing from the present method of computing costs and benefits deriving from membership in the Community on the basis of the flow of funds into and out of the EEC budget. The glaring inconsistency of this assessment, thanks both to the impossibility of determining, in a common market, who is actually producing the

surpluses and who, in the end, actually consumes the goods imported from third countries, and to the failure to calculate and account for income transfers between member countries generated by the price-support policy, would involve far smaller financial support funds.

A Decisive Contribution to European Integration

We have already referred to the fact that the CAP we now have concentrates almost all available financial resources in a single instrument of public intervention: support for products, which is extremely effective in reaching the already-won objective of greater farm self-sufficiency, but it is not designed to achieve as well as might be the objectives of protecting farm incomes as set forth in the Treaty of Rome, hence generates an unacceptable level of waste and fails to encourage the restructuring of farm operations that would give us a glimpse -- in the more or less long term -- of a solution to the crisis in Community agriculture. Onto these anything but minor flaws we must add its chilling effect on inter-regional and international convergence within the EEC and hence an effect in conflict with the very principle of economic integration that gave rise to and sustains the European Community.

The disparity in incomes between regions are accentuated by the fact that more support goes to continental products, grown mainly in the richer regions, than to Mediterranean products typical of the poorest regions in Community Europe. Support on the basis of product sold favors the more fertile and usually richer plains regions over those in the hills and mountains with lower returns per unit, which are usually also the poorest. The agromonetary policy pursued over recent years has been handled so as to favor agriculture in countries with strong currencies, and richer, on average, than those with weaker currencies, which tend to be poorer.

These untoward effects on income, rather than facilitating convergence among the productive structures and reducing their differences in terms of intensivity of invested capital and of efficiency, have exacerbated the existing inequities by inhibiting the formation of capital where it was needed and by generating very high returns in areas already highly advanced where the introduction of new technologies was socially less desirable. The structural policy has not done the re-balancing job that was its mission, because of the inadequacy of Community financing and by reason of the truly limited organizational skills of the poorer countries and regions. We can now see, in all its inconsistency, the policy of distributing Community funds under which structural policies are to be left largely to national funding.

If we really want to achieve the goal of greater European integration, we must pick up the right tools for the job and throw

out those that do not work or actually make the job harder. CAP reform must provide a modicum of consistency with its own objectives for the agricultural sector as well as for the rest of the economy. The burden must be redistributed so that more of it falls on the individuals, regions, and countries with higher incomes, and the redistributive effect generated by the reformed CAP must be made to favor, by stimulating their efficiency, those who work in agriculture who have the greatest need for improving their production structures so as to reach incomes at least comparable with those prevailing in the economy outside agriculture.

Only in this way can we hope to have an efficient, fair common farm policy that is a driving factor in the process of Europe's economic integration.

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CSO: 3528/49

EXPORTS TO IRAN POST STRONG INCREASE

Copenhagen BERLINGSKE TIDENDE in Danish 16 Jan 84 Sect III p 3

[Article by Erik Bendt Rasmussen: "Sharp Increase in Danish Exports to Iran, Up 30 Percent in One Year, Exceeding One Billion Kroner"]

[Text] We could see a further rise in Danish exports to Iran, which now has a good independent economy. The outlook for Danish investments in Iran, however, is less certain; only Sadolin & Holmblad has twice received large sums of money from its investments in Pars Sadolin Chemical, Teheran. Dyrup & Co., Codan Gummi, Krampsax and Kosan also have investments in Iranian firms, but here the situation is not yet clear. Negotiations are presently under way and it looks like Iran wants to buy up all Danish interests there.

During the period 1979-1982, Danish exports to Iran almost doubled, from 469 million to 925 million kroner. When everything is added up, it looks like the value of our exportation to Iran in 1983 will be 1.2 billion kroner, an increase of more than 30 percent.

Exportation of industrial products to Iran was resumed in earnest in 1982 and, based on our participation in the Teheran International Trade Fair 1983, exports are expected to rise even further this year.

Iran is particularly interested in the following: products connected with the food industry and the agricultural sector, semi-finished goods for the chemical and the pharmaceutical industry as well as construction and home-building machinery. Iran is also interested in medicines, hospital equipment, electronic and communications equipment. We could also increase our exportation of agricultural products like beef, chicken, powdered milk for infants, powdered eggs and live cattle.

They have also begun to inquire about services since Iranian authorities now recognize the importance of getting the nation's infrastructure back into operation. This could be a good opportunity for engineering consultant firms.

Foreign countries are becoming increasingly interested in the Iranian market and some have already announced their participation in the 1984 Teheran

International Trade fair to be held in September. Some 32 countries participated in the 1983 fair. The Danish embassy in Teheran advises that firms here notify Export Promotion Denmark of their participation as soon as possible.

The situation concerning Danish investments in Iran prior to the 1978-79 revolution is briefly this: Sadolin & Holmblad (S & H) owns 25 percent of the stock in Pars Sadolin Teheran. The company is doing well and, as we already mentioned, S & H has twice been paid large amounts of money due it. Through its subsidiaries, Dyrup & Co and Codan Gummi, Monberg & Thorsen owns stock and helped found two Iranian companies. As far as Dyrup is concerned the situation is this: factory employees want to buy up the Danish-owned stock. Dyrup Director Tage Seest expects Iranian representatives will arrive shortly to negotiate the matter. Codan Gummi owns stock in a factory that manufactures hoses and rubber mats. The Ministry of Industry in Iran took over a former partner's stock and would like to buy out Codan Gummi as well. In return, Codan may be licensed to manufacture and deliver bigger and longer hoses.

Jointly, Kosan and Kampsax own stock in two Iranian companies together with local stockholders. The companies are Iran Gas and Iran Cylinder, which produce gas and provide bottled gas. Iranians have indicated they would like to take over the Danish-owned shares in these companies and that issue is now being negotiated with Iranian authorities.

In the meantime, Kosan continues to export goods to these firms; in 1983 its subsidiaries, Kosan Teknova and Kosan Chrisplant, exported technical equipment valued at just under 10 million kroner.

8952

CSO: 3613/80

INDUSTRY ORDER BOOKS REFLECT CONTINUED OUTLOOK FOR GROWTH

Copenhagen BERLINGSKE TIDENDE in Danish 14 Jan 84 p 1

[Article by Peter Kjelstrup: "New Industrial Orders Up 15 Percent"]

[Text] New industrial orders increased significantly during the fall months of 1983, according to Danish Statistics.

Danish industry is now benefiting from new orders. That is being substantiated in a new report issued by Danish Statistics which shows that industrial orders rose sharply during the latter part of 1983.

From September through November, new industrial orders rose by an average of no less than 15 percent including shipyards, and 12 percent excluding same.

Both figures represent increases compared to the same period a year ago. Export orders rose slightly more, 13 percent excluding shipyards, than did new industrial orders from within the domestic market, 12 percent.

This means that altogether new industrial orders rose by 14 percent compared to the same period a year ago. And, again, export orders increased the most, namely 15 percent, compared to a domestic market increase of 12 percent.

Industrial sales, on the other hand, were not so impressive. Sales in terms of money rose by 10 percent, compared to the same period in 1982, but sales in terms of quantity rather than kroner only rose by four percent, and compared to the immediately preceding 3 months, sales actually declined by two percent.

All the above figures apply to industry as a whole with the exception of shipyards. If these are included, sales in terms of kroner rose slightly more, while the more realistic increase in terms of industrial production and quantity was not affected by the inclusion of shipyards.

The shipyard industry, on the other hand, has had very few new orders. Hence, some of its big orders have pushed up the new order figures for industry as a whole, giving us a 15 percent total increase in new industrial orders when we include shipyards, compared to an otherwise 12 percent growth. Also, when we include shipyards, the big Danish orders for new ships distort the relationship between export and domestic orders for industry as a whole. The growth in domestic orders is then 18 percent, while exports show a "mere" 10 percent increase.

8952

CSO: 3613/80

COMMENTS ON POLICY OPTIONS FACING NEW GOVERNMENT

Copenhagen BERLINGSKE TIDENDE in Danish 16 Jan 84 p 9

Editorial: "The Crucial Prerequisite"

Text We are encouraged by the positive employment trend in private industry during the second half of 1983. The fact that unemployment has not risen since April last year (corrected for season fluctuations) is very gratifying. It shows renewed vigor in private industry and that the road to less unemployment does not necessarily lead to a further expansion of the public sector. Besides, that road would soon have proven to be impassable because it is doubtful that society would have come to terms with the higher taxes needed to stay on that road very long. Therefore, it would be nice if the economy develops in such a way that private industry, in particular, is allowed to expand.

As far as economic policy is concerned, it is absolutely necessary that we now develop a policy that will promote the expansion of private industry. Hence, it is not at all too soon to discuss the continuation of our income policy. As you know, existing income policy guidelines are only valid until spring 1985 and the basis for continuing same must be established by the end of this year.

A prevailing political majority still wants to maintain the value of the Danish krone within the European Market System (EMS) cooperation. However, that clearly means that the needed improvement in our ability to compete with foreign countries must be provided in terms of a protracted income policy, which year after year guarantees lower wage increases in Denmark than abroad. Therefore, when the government talks about wanting to reduce wage increases by another 50 percent--or eventually reaching a zero solution--it is not saying it wants to provoke the parties involved but rather stating a position, which quite simply makes good sense socio-economically.

In almost raging terms, union leaders have so far rejected the idea. They apparently refuse to discuss socio-economic realities, and some of them even want to restore the automatic cost-of-living allowance.

Rhetoric, however, does not alter the necessary prerequisites for greater employment. As we already mentioned, that consists of limiting wage increases even further. At any rate, it might improve union leaders' own chances of securing pro-employment agreements in about a year if they would now begin to prepare their members--minimum-wage recipients as well as others--for the realities involved in the situation. If they do not want to do that, they should openly acknowledge that they really do not care about employment.

8952

CSO: 3613/80

OFFICIAL FORESEES REDUCED UNEMPLOYMENT AHEAD FOR 1984

Copenhagen BERLINGSKE TIDENDE in Danish 18 Jan 84 Sect II p 1

[Article] by Ole Schmidt Pedersen: "Unemployment Will Decline in 1984"[]

[Text] The labor director foresees that unemployment will remain at 300,000 in 1984 but, despite the high number, the unemployment curve will decline throughout the year. The greatest growth will be in construction as well as the textile and the iron industry.

According to Labor Director Kay Westergaard, unemployment will remain at about 300,000 throughout 1984. This coincides with the government's latest revised estimate of 290,000 this year. In spite of the modest difference, Westergaard agrees with the government: unemployment will decline throughout the year.

Westergaard is of the opinion that the greatest growth will be in construction and the textile industry as well as parts of the iron industry.

"The most important thing is that the unemployment curve will decline throughout the entire year. My estimate is based on information submitted to us by employment agencies, which are receiving a growing number of inquiries from businesses seeking workers. We have also received correspondingly optimistic reports on business expectations," Westergaard told BERLINGSKE.

For the time being, the labor director is reluctant to put exact figures on the development. He feels that politicians and organizations alike cleverly misused labor statistics and prognoses during the election campaign.

"I also fail to understand why BERLINGSKE portrayed the debate on unemployment in 1984 as if the economists were in strong disagreement. When we talk about approximately 300,000 unemployed, a difference of 10 to 15,000 is not great," said Westergaard.

The first development indicator will come at the end of January when 14 labor committees submit their employment prognoses.

However, Westergaard can predict with greater certainty that more than 55,000 workers, or 20 percent of the unemployed, will get no unemployment benefits. They either do not qualify for compensation or they have exhausted the 26-week limit or otherwise forfeited the right to unemployment compensation. The number of unemployed with no benefits has grown steadily over the last 5 years.

8952

CSO: 3613/80

FINNS, SOVIETS COLLABORATE ON BOOK IN ENGLISH ON TRADE TIES

Helsinki HUFVUDSTADSBLADET in Swedish 11 Jan 84 p 11

[Text] A basic reference work has been published on economic relations between Finland and the Soviet Union.

It is a scholarly work which also has a lot to offer everyone who works in or is interested in trade with the East, the Eastern economy, and relations between a large socialist country and a small capitalist one.

The book is entitled "Finnish-Soviet Economic Relations," and in it 16 Finnish and 14 Soviet authors--chiefly scholars and government officials--present a survey of the extent to which Finnish-Soviet relations can serve as an example for others or be regarded as an exceptional case and of how political and economic relations influence each other. They also show what the consequences of cooperation have been for both countries and how it has been possible to benefit economically from, for example, scientific-technical cooperation.

The book was produced by the Institute of International Affairs in cooperation with the INEMO Institute (Institute for World Economy and International Relations) of Moscow. Those two institutes have been cooperating since the early 1970's on such things as joint symposiums on international politics.

Proof that the newly published book is of interest far beyond the borders of both countries and outside purely scholarly circles can be seen in the fact that the well-known London publishing firm of MacMillan is in charge of its publication.

The book is also written in English. According to Kari Mottola, director of the Institute of International Affairs and the Finn among the book's three editors, the book will supplement the extremely sparse material on Finland that is currently available in English.

Among other things, the book discusses principles and theories in connection with East-West trade, the instruments and mechanisms of Finnish-Soviet trade, and development of the bilateral system. The book is not limited in scope to trade with the Soviet Union: also discussed are our multilateral relations with the other CEMA countries.

The payment system, currency questions, and credits are elucidated. Scientific and technical cooperation is exhaustively dealt with, as is the economic and political importance of cooperation not only to the national economies of both countries and regional development, but also in the European context.

What makes the book especially suitable as a reference work for anyone connected with our trade with the Soviet Union is its extensive section of appendices. These include all of our agreements with the Soviet Union from the Treaty of Friendship, Cooperation, and Mutual Assistance to industrial, scientific, and technical cooperation agreements. Also included are a list of joint projects between Finland and the Soviet Union and a brief introduction to all firms involved in trade with the Soviet Union. It is clear that through the years, Finland has occupied a very prominent place on the list of the Soviet Union's Western trading partners (currently, it is in second place) and that the Soviet Union's role in our trade has increased steadily.

Soviet View

One can only welcome a "politicization" of economic relations and an "economization" of political relations. So say two prominent figures in Soviet-Finnish trade, A. N. Manzhulo, deputy minister of foreign trade, and Yu. Y. Piskulov, assistant chief of the Section for Western Trade in the Soviet Ministry of Foreign Trade, in one of the many main articles. They feel that the Soviet-Finnish model can serve as an example for trade between other Eastern and Western countries, and they also point out that the Soviet Union's long-term goal is a "global optimization" of production. On the whole, it is especially interesting to discover how the Soviet authors in the book view relations between Finland and the Soviet Union.

One of the few company executives represented in the book is Jaakko Ihamuotila, managing director of Neste, who writes about cooperation from the standpoint of Finnish firms, but without claiming that his own firm is in any way representative in that respect.

Newspaper editor Jan-Magnus Jansson, who is chairman of the Foundation for Foreign Policy Research, points out that the bilateral clearing principles removed the need for export credits, which would have been problematical for a country of Finland's size.

The book's figures and data on projects and trade will soon be out of date, of course, but there is no danger that this will cause the book to lose its value. It is probably a quite unique survey of the economic relations between two countries and one useful both to those involved in the practical aspects of those relations and to scholars.

11798

CSO: 3650/103

FOREIGN DEBT, UNEMPLOYMENT BECOMING WORSENING PROBLEMS

Foreign Debt on Scale With Brazil's

Reykjavik MORGUNBLADID in Icelandic 12 Jan 84 p 7

[Commentary by Staksteinar: "National Economy, Corporations and Individuals 'Drowning in Debt'"]

[Text]

LONG-TERM FOREIGN LOANS, TRADE DEFICIT
from 1978 to 1983, using fixed rates
(average exchange rate from 1983)

	Foreign loans by year's end, in millions of kronur	Trade deficit for the year, millions of kronur
1978	15,200	435
1979	17,000	1538
1980	19,000	3326
1981	23,600	5847
1982	28,700	1150
1983, est.	32,000	
Total increase in debts	16,800 million kronur	
Total trade deficit		12,295 million kronur

Iceland the Most Debt-Ridden Nation

The British newspaper THE ECONOMIST recently announced that Brazil is the most debt-ridden nation as far as the quantity of money owed goes, but that Iceland is the most debt-ridden nation in comparison with its gross national product. The above table shows how our trade deficit relative to the world around us, and our foreign debts, rose between 1978 and 1983. Businesses operating at a loss, and national consumption beyond the national income, were counted in with foreign debts.

We cannot go on this way any longer. The burdens of debts which have been hung on the shoulders of the Icelanders--such as a decrease in national income for the third year in a row (capital losses)--have temporarily shaken our standard of living.

Oddur Olafsson wrote in the "Men and Matters" column in TIMINN last Sunday the following comments:

"The Association of Economists and Commercial Specialists has 800 members. There are at least twenty foundations and departments of foundations which occupy themselves with economic statistics. You'd think that enough figuring would have been done. But, unfortunately, our national economy, our corporations, and individual Icelanders share a common plight: they are about to drown in debts.

"People have done a lot of thinking as to how this came to be, and many factors have been indicated, though probably nothing that can be pinned down. Icelanders work hard, but our salaries are not high enough, if we compare ourselves against those nations which we would most like to be compared to, and which we have cultural and geographical connections with. Icelandic consumption levels, of course, are no higher than is the case with nations with similar national production levels. We have no military expenses, but in some areas we spend considerably more than other nations--like transportation--and a less populous nation is obliged to spend more on many types of necessary institutions belonging to an independent nation than a more populous one would be.

"But overriding all else is the fact that our national economy is not doing well. This fact is not without shame for us, since people have started to categorize us with the most debt-ridden nations in the world."

Bogeymen of the Icelandic Standard-of-Living Struggle

Later on in the article Oddur Olafsson mentioned the "Economic theories of Rev Magnus B. Jonsson," citing, among other things, the following maxim by the clergyman in question:

"The size of a farm should never exceed the normal and natural capacity of the earth to produce. 'Normal capacity' signifies that which yields the largest amount of pure produce."

This economic maxim of Rev Jonsson, written at the turn of the century, ought to have been food for thought for our economists this last while. Large-scale investments, both in agriculture and in fisheries, which have drastically reduced "pure production" and sometimes turned it into losses (costs exceeding income), has perhaps been the greatest obstacle in the way of economic improvement for individuals or corporations.

The economic capabilities of a nation, either owned in common or in the form of the purchasing power of individuals, is irrevocably determined by the growth occurring in the national economy, i.e., that portion of the national income which is available for use at any given time, after the miscellaneous expenses associated with generating that income have been paid.

The socialists have been brought up on the faulty and dangerous "teaching" that being in favor of economic growth is somehow evil. The way businesses are run, the way values have been assigned to things in this country is supposed to have affected our general economic situation adversely. Nothing could be further from the truth. On the contrary, it has been this particular misguided Marxist notion, this embarrassment in the face of the majority view that we should try to achieve the maximum result with minimum costs in our national economy, which has provided our nation with foreign debts and the accompanying burden of payment, and with national consumption above and beyond the national income, instead of more viable improvements in our standard of living.

Job security and an improved standard of living, which most people agree that we should strive for, depend throughout on the basic assumption that the businesses and corporations have a tolerable base of operations, with income exceeding total expenses, to be used for the following: 1) for development; 2) for technological improvement (to improve one's capacity to compete); 3) for establishing new branches (and create more employment opportunities); and 4) for accommodating a "more natural" salary increase system.

The socialists, who in recent history have opposed the possibility of turning the raw energy of our waterfalls into employment, valuable commodities and hard currency by means of energy-efficient industry, are the bogeymen in our Icelandic struggle to improve our standard of living--not the vanguard, as they would like to have us think. Having a socialist as Minister of industry from 1978 to 1983 was a very expensive mistake.

Newspaper Comments on Debt

Reykjavik MORGUNBLADID in Icelandic 21 Jan 84 p 21

Editorial: "Accumulated Consumption Debts Must be Stopped"

Text The British newspaper THE ECONOMIST recently released information about the most debt-ridden nation in the world. Brazil and Iceland turned out to owe the most: Brazil, if the total amount owed was considered, irrespective of the dimensions of the associated economic factors; Iceland, if the foreign debts were considered as a percentage of the gross national product.

Our long-term foreign loans amounted to 15,200 million kronur, or 33.8 percent of the gross national product, in 1978, when the People's Alliance came into the government; but they came to 32,000 million kronur, or 60 percent of the gross national product, when the participation of the People's Alliance in the government came to an end. Foreign debts nearly doubled during this period as a percentage of the gross national product.

Iceland's balance of trade relative to our neighboring countries was favorable in 1978, when the people's Alliance came into the halls of government. But Adam didn't stay long in the Garden of Eden. By 1979 the trade deficit amounted to 435 million kronur; by 1980, 1,538 million kronur; by 1981, 3,226 million kronur; by 1982, 5,847 million kronur; and by 1983, 1,150 million kronur (estimated)--but by then we had turned over a new leaf, since the new government was in power. All told, Iceland's trade deficit relative to our environment was almost thirteen thousand million kronur from 1979 to 1983.

Runaway inflation and faulty economic policies during these years pushed our major industries into the quicksand of operation at a loss and accumulation of debts. Businesses operating at a loss and national consumption beyond the national income were maintained at a high level by taking out foreign loans, which before things had run their course accounted for a burden of payment amounting to one quarter of our national export income. This burden of payment, together with a decrease in our national income for three years in a row, has had a very constrictive effect on our standard of living.

Because of poor operational conditions and debts, as well as the runaway inflation prevalent at the beginning of last year, a number of businesses--including fisheries and production businesses--made the decision to put thousands of jobs in jeopardy. It was this situation which inspired the new government to take more drastic economic action. The goal of this action was first and foremost a decrease in the inflation which had thrown the ability of Iceland's goods to compete off course; as well as the establishment of equilibrium in the economic system and a foundation for new growth in the employment sector.

Later on in the year, it became clear that the problem was somewhat greater than had been at first apparent. Fish experts released new studies concerning a falling off in the cod population. The anticipated cod catch for 1984 is smaller by half than the catch of only two years ago. When we realize that the fisheries account for three-quarters of our nation's export income it becomes clear what a devastating blow this is for our national economy and its basic industries, which have had to live with operation at a loss. The previous government did not take the time to coordinate the activities of the fishing fleet with the depletion tolerance of our predominant edible fish populations. This was a serious oversight.

The investment and loan plans and the proposed loan budget for 1984 will be some of the first topics to be taken up by the Althing when it next meets. It is the proclaimed goal of this government to substantially reduce our foreign loans this year, such that our loan situation will not get any worse after this. According to the loan estimate which the Althing will be looking at, the plan is to take out only 4,500 million kronur in new loans in 1984--compared with, for instance, the foreign loans taken out in 1982, amounting to (calculated at the same exchange rate) 8,150 kronur, in the last full year of the previous administration. This urgent goal will of course decrease funds for growth, but it is unavoidable in the light of our accumulated debts and reckless spending of the last few years.

This year's budget also anticipates that the national treasury will take in 2,200 million kronur less in taxes than has been the case under the unchanged tax laws from 1982, in the last full year of the participation of the People's Alliance in the government. These belt-tightening actions will, of course, have their effect on the government budget. Some people even think that not enough cutbacks have been made in government spending. The worker in the street, who has had to bear the real burdens of the costs of the battle against inflation, and who in many cases has had to live with diminishing job security, is demanding of the government that he be allowed to shoulder his burden in the diminished national income.

Iceland's debt situation from now on is one of the main factors in our current difficulties. Our spendthrift loan-taking policy has to let up. Because of this, the investment and loan plans and the proposals for the loan budget for 1984 are steps in the right direction.

Large Sterling Borrowing

Reykjavik MORGUNBLADID in Icelandic 21 Dec 83 p 3

[Text] Contracts have been signed in Reykjavik concerning a loan to the Icelandic government amounting to 10 million pounds sterling, or the equivalent of approximately 407 million kronur.

The press release from the Ministry of Finance indicates that the loan was in the form of promissory notes. The notes were immediately sold directly to the Meiji Mutual Life Insurance Company in Japan, with Morgan Grenfell and Co, Ltd and Mitsubishi Finance International of London acting as middlemen.

The loan has a term of ten years and is to be paid back in one lump sum in 1994. The interest rate is 12.3 percent. It is anticipated that the funds from the loan will be used for various purposes in this country, in accordance with the investment and loan option plans of the government.

Finance Minister Albert Gudmundsson signed the loan contract on Iceland's behalf.

Increase in Exports Posted

Reykjavik MORGUNBLADID in Icelandic 18 Jan 84 p 28

[Text] Iceland's total exports increased some 12 percent in magnitude during the first eleven months of 1983. A total of 542,232.8 tons were exported during that time, compared with 485,794.7 tons during the same time period in 1982. The increase in value on the exported goods was approximately 129 percent higher in 1983--a scant 16,621.9 million kronur--than for the same time period in 1982, when it amounted to a scant 7,254.4 million kronur. The average

exchange rate of the dollar increased almost 104 percent from 1982 to 1983, increasing from 12.14 kronur to 24.74 kronur.

Breakdown According to Industry

If we break down these figures according to industry categories, it becomes apparent that the export of marine products decreased 9 percent in volume during this time period, with 297,232.7 tons being exported, compared with 325,414.3 tons during the same time period in 1982. The value increase on the exported goods amounted to 106 percent between 1982 and 1983, with the value on the 1983 goods amounting to 11,307.0 million kronur, compared with 5,482.9 million kronur for the same time period in 1982.

Exports in agricultural products stayed approximately the same in 1983 as in 1982, with 5,286.3 tons being exported last year, compared with 5,279.9 tons during the same time period in 1982. The increase in value on the goods from 1982 to 1983 was approximately 82 percent, or in other words considerably lower than the increase in the dollar. As far as industrial goods went, the exportation of industrial goods increased from 1982 to 1983 approximately 64 percent; 231,147.6 tons were exported during the first eleven months last year, compared with 140,640.5 tons during the same time period in 1982. The increase in value was approximately 206 percent, with almost 5,009.9 million kronur worth being exported, compared with 1,634.5 million kronur for the same time period in 1982.

Aluminum and Bauxite

Exportation of aluminum and bauxite increased some 87 percent in volume in the first eleven months of last year, with 99,246.8 tons being exported, compared with 53,090.6 tons during the same time period in 1982. The increase in value amounted to some 323 percent, with 2,976.7 million kronur worth being exported in 1983, compared with 703.7 million kronur worth in 1982 during the same time period.

Silica

Exportation of silica increased some 30 percent in volume in the first eleven months of last year, with 47,162.5 tons being exported, compared with 36,329.1 tons during the same time period in 1982. The increase in value between 1982 and 1983 amounted to some 182 percent, with 585.8 million kronur worth being exported, compared with a scant 207.9 million kronur during the same time period in 1982.

Woolen Goods

Exportation of woolen goods decreased some 8 percent in volume during the first eleven months of last year, with 1,249.6 tons being exported, compared with 1,360.4 tons during the same time period in 1982. The increase in value on the goods from 1982 to 1983 was approximately 80 percent, with 648.1 million kronur worth being exported in 1983, compared with 359.3 million kronur worth for the same time period last year.

Unemployment at Fifteen Year Record

Reykjavik MORGUNBLADID in Icelandic 21 Jan 84 p 46

[Text] Approximately three thousand persons, and perhaps more, are now unemployed in Iceland, according to information given to our reporter yesterday by Eyjolfur Jonsson, general secretary of the Unemployment Insurance Fund, and Oskar Hallgrimsson, departmental head of the employment section of the Ministry of Social Services. According to Jonsson, these people are paid an average of 1.3 million kronur in unemployment compensation every working day.

Eyjolfur Jonsson said yesterday that there were no final figures available on the payment of unemployment compensation, since the various unions disperse it in each locality, and are later paid back through the unemployment insurance fund. "But from the information which I do have," Jonsson said, "it looks to me like we are getting into our fourth thousand as far as people currently out of work goes. That's the highest we've had since 1969, with the exception of January 1982, but that was an unusual circumstance because of the seamen's strike. But if we do currently have over three thousand people on the unemployment rosters, then that means that on five days of the week we are paying out an average of 1.3 million kronur in unemployment compensation." Jonsson also said that the highest unemployment compensation payment used to be 500 kronur a day, with an additional 20 kronur for every child under 17 years of age, but that since then compensation payments have been cut back to 28 percent of the above named amount, or 125 kronur. The compensation payments were given according to the eighth rate scale of the Icelandic General and Transport Workers' Union.

"It would be difficult to give you any figures on the unemployment situation that weren't unsettling, before the end of the month when we will have all the figures available. But it looks to me that it isn't far from the mark to say that there are now 3,000 people currently out of work," said Oskar Hallgrimsson yesterday. "That is a higher figure than we have had since 1969, with the exception of January of 1982, when we had the seamen's strike. I would like to stress, though, that these figures change a lot from day to day and from week to week. For example, things are bad now in Reykjavik, Hafnarfjordur and further south in the Sudurnes area, but they could change fast when the ships go out. Even though the figure of 3,000 is correct today, there is no certainty that the same will be the case when you consider the entire month. But I can't deny that things look gloomy now. Here in Reykjavik there must be between seven and eight hundred people without work right now," Hallgrimsson said.

High Losses Among Fishermen

Reykjavik MORGUNBLADID in Icelandic 21 Jan 84 p 46

[Text] According to the calculations of the National Economic Board, economic support for equipping our fishing fleet has

declined. The Board says that the trawlers are currently operating at a 10 to 16 percent loss, and that the small boat fishing fleet is much handicapped. This means that fishing activity on the sea floor will be cut back a total of 7 to 10 percent under current conditions. At the end of 1983, ship outfitters were 1.1 billion kronur behind in payments because of loans from foundations, and 500 million kronur behind in payments on business loans. The economic situation in the fish processing plants has been irregular. Estimates show 7 to 9 percent gains for the freezing plants, but salt fish processing plants are showing a 12 to 16 percent operational loss, without counting payments from the price equalization fund.

These figures from the National Economic Board were presented at the meeting of the Price Board of the Fisheries Industry yesterday, in connection with determining fish prices prior to 1 February. The committee has decided to meet again after the weekend, but the decision has not been made whether to show the fish price decision to the above-mentioned committee or not, even though this is customary, since a decision has not been arrived at twenty days prior to the day when prices are supposed to change.

According to Jon Sigurdsson, head of the National Economic Board, it is clear from this that there is not much room for raising fish prices. Trends on the marine product market are also highly uncertain, partially because of the uncertainty surrounding the condition of the American dollar. Solutions to our problems with our fisheries industry, then, ought to be sought in that industry's economic structure, and in a fishing policy which encourages thriftiness in outfitting the ships, since it does not seem advisable to go for as large a catch this year as was permitted last year.

9584

CSO: 3626/17

REAL WAGES REDUCED THIRTY PERCENT IN INFLATION FIGHT

Helsinki HUFVUDSTADSBLADET in Swedish 16 Jan 84 p 2

[Article by Borgthor S. Kjaernested]

[Excerpt] Reykjavik--One year ago in Iceland it was predicted that political regroupings would occur, that the country's prime minister at that time, Dr Gunnar Thoroddsen, would end his political career, and that Iceland would experience catastrophic avalanches.

All this was true, but much of what was predicted did not occur. Two new political groups, the Social Democratic Alliance and a feminist group, gained representation in parliament after the elections in the spring of 1983.

The forces of nature also were on the rampage in Iceland. Practically all the forces of nature were active and a volcanic eruption occurred in the Vatnajokull glacier, but it was brief and caused no damage.

Nevertheless, there was flooding and one of the avalanches that hit Patreksfjordur in western Iceland took four lives.

It was unusually cold early in the year. Summer came late and large portions of the country saw unusually heavy rains.

As a result of the cold, the potato harvest in that country was almost a total loss. It was about 20 percent of a normal crop or just enough for seed potatoes. In February Iceland will have to buy Finish potatoes. In return, 100 tons of Icelandic lamb will be exported to Finland.

During 1983, 64 Icelanders perished in accidents in Iceland (the total population is about 247,000). Traffic accidents accounted for the most victims and seven perished at sea. On the other hand, 60 people in distress at sea off the coast of Iceland were rescued.

From 130 To 20 Percent

Major results have been achieved in the battle against inflation by the country's present center-right government, which took power in late May 1983.

According to economists, the inflation rate in late May was 130 percent, while in December it was 20 percent on an annual basis. The government sees this as a significant result in its battle against inflation, while the opposition is accusing the government of paying for inflation out of the pockets of the workers.

According to the wage scales of the labor contracts, real wages have dropped by about 30 percent.

The government has blamed this on poor fishing catches in 1983. The volume of the catch increased, to be sure, but the valuable cod catch decreased by 25 percent.

Quotas On All Fish

The cod catch will be even less in 1984--220,000 tons in 1984, compared to 440,000 tons in 1981 and just under 300,000 tons in 1983. For the first time in the history of Iceland, the fisheries minister will set quotas on all fish off the coast of Iceland.

~~This means that all fishing around Iceland will be centrally regulated, regardless of the species of fish.~~

9336

CSO: 3650/105

BOLKESTEIN ON EXPORT POLICY, POLITICAL VIEWS

Background, Political Career

Rotterdam HET VRIJE VOLK in Dutch 7 Jan 84 p 4

[Article by Henk Drews: "Secretary of State Bolkestein, 'Statesman' of the Netherlands"]

[Text] As a student, he once angered Simon Vinkenoog, the perennial hippie from Amsterdam, during a poetry evening at the "Vijftigers." Simply by reading a poem, but leaving off half of every line unannounced. After which Vinkenoog, having stepped into the trap, spoke of an excellent poem "without any filler."

This was also the reason why Renate Rubinstein, who was present, invited the young student to join the editorial staff of the renowned Amsterdam student newspaper PROPRIA CURES. Other members of this staff at the time were Hugo Brandt Corstius, now primarily famous as a caustic columnist (Stoker, Battus, Piet Grijs, etcetera) and the literary critic Aad Nuis, who would later become a D'66 [Democrats '66] parliamentary party member. Shortly thereafter the latter asked the young member of the editorial staff to move on because of an alleged lack of literary qualities.

Class members of the young student were, among others, Ed van Thijn who became a politician later on (PvdA [Labor Party], mayor of Amsterdam), Dr Dick Dolman (PvdA, president of the Second Chamber), and Mr Erik Jurgens (PvdA, president of NOS [Netherlands Broadcasting Foundation]). Jurgens was his predecessor as president of the student union ASVA [General Student Union of Amsterdam].

At that time the young student still voted for the PvdA. Today he is one of the most ambitious VVD [People's Party for Freedom and Democracy] politicians: Mr Frederik (Frits) Bolkestein (50 years old).

Secretary of state for economic affairs. In international contacts he can call himself "minister of foreign trade." It is true that meanwhile he has also become a decent family man (three children). But since the slight concussion he got during student hazing ("tumbled down the stairs"), he has aroused slight suspicion among friend and foe because of his varied interests. "I am not one of those people whose whole life is absorbed by politics," he once stated in the VVD party newspaper. This appears to be an understatement,

at least until a few years ago. A career like a cruise missile. Barlaeus gymnasium, both the classical orientation and exact sciences. Oregon State College in the United States (mathematics and physics); 1955: bachelor of science in mathematics and physics at the University of Amsterdam; 1959: final examination in philosophy and Greek in Amsterdam; 1964: period of study in economics at the University of London; 1965: final law examination in Leiden. The latter two studies were done by correspondence. Because, as of 1960 he was employed by Shell. Successively in: East Africa, Central America, London, Indonesia, Middle East, Asia and Australia, and finally Paris (management Shell Chemicals, France). In January 1978, a double transfer: to the Netherlands and from the industrial world into the Second Chamber.

Many members of the VVD had some adjusting to do too. No label seemed to be readily handy for this "world traveler." Too intellectual also for party dogmas ("No boycott of South Africa, but not the American boycott of Cuba either" and "I would prefer to be a Polish farmer in the shadow of the Soviet Union than a Salvadoran farmer in the shadow of the United States").

He wrote a play in English "Floris, Count of Holland" (about Floris the Fifth), under the pseudonym Niels Kobet, after he broke down over the bad arrangement of "Der Ritt am Bodensee" by Peter Handke, which he had seen in London and Paris. He is working on two plays. His Export Memorandum was issued in late December.

Recently he warned Japan. Competition and hard work are great, but it should not be "at the expense of everything else." Bolkestein should know.

Competition with Japan

Rotterdam HET VRIJE VOLK in Dutch 7 Jan 84 p 4

[Interview with Frederik Bolkestein, secretary of state for economic affairs (foreign trade), by Henk Drews: "We should not Want to Imitate the Japanese"; date and place not given]

[Text] Next month he will fly along on the last lap of the historic flight of the KLM [Royal Dutch Airlines] Uiver in Australia. As he has been paying increasing attention when a Dutch orchestra, national sportsmen or works of art cross his path abroad. Whenever possible, the promotion of Dutch exports should not be limited to the "store" of economic affairs, thinks the secretary of state for foreign trade.

"In principle, everything the Netherlands is good at is suitable for export. Even the organization of our public health system. After all, it is the best in the world. Today, the average age in our country is the highest in the world. In the fall I visited a few countries along the Arabian Gulf. An upper level official of the Ministry of Public Health, among others, accompanied me. Yes, that is something new. Until recently we were not so very much attuned to this kind of broad export possibility.

Question: Like the time you had to find out from a Dutch ambassador that a colleague from the administration was visiting the same country at the same time?

Bolkestein: Well yes, that will probably no longer happen now. But we are still somewhat the Republic of Unrelated Departments. By birth. But we are working toward better coordination, more mutual dialogue. Although it will never be as ideal as the British Civil Service: a single general civil service.

Question: The recovery of the Dutch economy actually lies in your hands. As a matter of fact, according to the budget it is for the time being largely dependent on exports. And it is up to you to promote them. And yet, the name Bolkestein is not very familiar to many Dutchmen. Let alone as the "savior of the fatherland."

Bolkestein: And to think then that the part of my job which attracts most attention is the promotion of exports. Because it does somewhat appeal to the imagination. To sell things in far away countries. Something like that. But I also do things about which so far virtually nothing is made known. Officially it is called competition and mergers. Just say: competition and mergers.

Question: What should the reader understand by this?

Bolkestein: An example. Manufacturers of sanitation products refused to deliver to a certain businessman. I have forced those manufacturers to do this anyhow. But I don't think that this is what the readers think about, if they think of anything at all when they read my name.

But aside from that, my main activities are to promote exports and to conduct trade policy. The trade policy is, let us say, the system of regulations which governs trade. Also violations thereof. The promotion of exports, on the other hand, is not the most important or the most difficult. I came from the oil industry. I started there in the area of marketing, that is sales. But whether you are selling oil products to a tea plantation in Africa or Fokker airplanes to the Egyptian state. Those are similar activities. Which always come back too.

Own Interest

"That is intellectually easier than the debate on European unification or the international debate on protectionism, the most dangerous tendency to protect one's own industries against foreign competition. That dangerous falling back to one's own interest, which is specifically threatening the international economy. The debate about this with Japan. With the United States. Those subjects are much more difficult, and require a great deal of patience, tact and insight. Especially when you get into the tangent area between one's own industrial policy and the trade policy."

Question: You mean that to protect a certain industry or industrial branch in a country could be contrary to the international trade interests of that same country?

Bolkestein: Yes. Industry politicians have a tendency to protect an upcoming industry or company temporarily. In order to organize itself against the Japanese, American or German competition, for example. But experience shows that... how do the French put it... "il n'y a que le provisoire qui dure" (free translation: there is nothing more permanent than what is temporary). Trade politicians, on the other hand, say: it is only through international competition that you grow.

Using gestures sparingly, Bolkestein added: "Look at the difference between Northwestern Europe and the Latin South. You find the big, strong companies in Anglosaxon-German Northwestern Europe. They have always been open to the world. This is also how Philips, Shell and Unilever became big. Whereas the large French companies must rely on the domestic market, which, it is true, is a sizable one. But that protection also causes the French not to be good in sales. ~~They travel less easily than we do.~~

Question: Except within their larger language area, their former colonies which are still French speaking.

Bolkestein: But outside of those, less easily than we. And you might say that protection leads to weakening.

Question: But what about our fear of the competitive power of Japan?

Bolkestein: As far as Japan is concerned, we have of course done something different. The European Community proceeded with an increase in the import rate of a certain product, the Compact Disk, from 9.5 to 19 percent.

However, this falls completely within the rules of the international game. The rate used to be 19 percent and we had lowered it earlier to 9.5 percent. A specific article in the international agreement on tariffs and trade, the GATT, states that you can return to the old rate, provided that you offer compensation on another product. And this the EC did indeed offer to Japan. On a particular type of recorder. Moreover, the EC measure is temporary. And intended to give Philips some breathing space with regard to Japanese competition.

Question: But it remains protectionism.

Bolkestein: It is protectionism. True. We must call things by their name. But according to the rules of the game. The same GATT article was used by Japan in the sixties and seventies. It is a protection which is visible to everyone, controllable and temporary. It is no veiled protectionism; that is much more dangerous. This has a snowball effect. It spreads with great rapidity.

Is Japan Different?

Bolkestein: The main question, however, which is extremely difficult to answer is: can we apply the high and worthy ideals of free trade among socially very different systems? Because, what happens when we compete with the Eastern Bloc? If the Rumanians, for example, were to come up with rates for inland water transport on the Rhine and the Danube, to which we in Western Europe would say: those rates are not based on comparable economic standards. Hence, unfair competition. Then the government also intervenes as regulator. Because two different social systems are clashing.

The difficult question now is: is Japan a different social system? In other words: are we in a position to withstand the Japanese competition without taking over Japan's cultural pattern? I would not want to plead in favor of this. And my wife and daughter would certainly not. The Japanese worker gives himself up to the economic process in a way that the European worker would not. ~~And neither would I. I would not recommend it either.~~

According to Bolkestein, there is "reasonable doubt about the possibility of withstanding that competitive power of Japan without taking over Japan's cultural pattern."

"But I don't have an answer to that. However, if the answer were to be that there is indeed a question of a different social system, then you would have to achieve a certain measure of protection in certain areas, and very carefully in order not to overshoot, to compensate for the characteristic advantages of Japanese society."

"Those Japanese are also very fashion oriented. They immediately buy the newest devices. Whereas I still have only a black and white television at home," admitted the secretary of state, of whom it is also known that he dislikes fashionable behavior and discussions.

Question: You once also said: Japan has learned and applied the lessons from the West too well.

Bolkestein: That also makes it so difficult to reproach them. Furthermore, if Japan is another social system, then so are Korea and Taiwan. And how about Brazil? This could ultimately lead to your allowing free trade only within Western Europe. We need international competitive power. It keeps balancing on the edge.

Defensive

Question: We are largely on the defensive. Whereas the advisory committee, under the leadership of your former Shell colleague Wagner, promoted the attack somewhat more, didn't it?

Bolkestein: If you choose a particular industrial branch in your own country to be strengthened, then it would be unwise in an exporting country like ours not to look at it simultaneously from the point of view of exports. Thus,

no opposition. A question of good sense. Nothing else, as a matter of fact. Indeed, our most important export market lies within Europe.

Our exports to Denmark are greater than to all of South America. One percent of our exports to the FRG equals our total exports to Canada. We have to start by hanging on to what we have. Expand in areas we are good at. In this respect, do not forget especially the banks, insurance companies, transportation and agriculture. We have to be careful with new key activities. Because other countries are also working on those. Countries which have much more money than we do and which have a larger domestic market.

Question: Other western countries also have their "Wagner recommendations," their industrial recovery attempts. When you compare this with the enormous economic potential of the ~~countries around the Pacific Ocean, Southeast Asia, etcetera,~~ then the feeling imposes itself that, like Baron von Munchhausen, we in the West are trying, with an extreme effort, to pull ourselves by our own hair from the economic mire. A rear guard skirmish with the courage of despair?

Bolkestein: If we are not careful, then this will be the case. In Western Europe we have in a sense the law of the decelerating lead. A society with two basic characteristics: a propensity for accommodation and a striving for equality. This is less true in the United States. And quite a bit less so in the new, rising countries. There the slogan prevails: "Those who don't work will not eat either." And I don't for a moment want to create the impression that I want to dispose of the achievements of the welfare state. I have also experienced the way professors once treated their students and employers their workers. I don't under any circumstances want to go back to that. But we do have to go back to more personal responsibilities, more risks. A performance society, but with maintenance of the improved personal relationships. In the last 20 years, we have allowed the material side of society to be dominated by the psychological side.

Hardened

Question: Many readers, who are once again digesting an austerity shock, will say: it is precisely always the material side which has played first fiddle. And now, in addition to wage cuts we also have to give up more and more voice. The relationships have in fact hardened.

Bolkestein: Yes, but what I meant to say is that... Well yes, perhaps that I don't quite see it either. But it seems to me that people have worked less hard on the manner in which people relate to each other than on the expansion of social insurances. A more humane society is not directly intertwined with the level of the social system, in spite of the fact that we have started thinking that way.

Question: But are we going to make it in international competition without inhuman social interventions in our own country?

Bolkestein: Yes. Provided that we go farther in terms of mutual cooperation. Within Europe and from top to bottom in our own country. This is why

that European division and the domestic oppositions are so terrible. Those strikes are not really representative either of what moves most people. The mutual human interaction is considered a much more valuable matter to worry about.

Question: But the current government policy does cause the financially weaker individuals to feel abandoned. This also applies to your international policy with regard to the weakest developing countries. You do feel that it is financially too risky to continue investing a great deal there. But you feel that it is all right within Europe and especially in the United States. That does mean that the wealthy Western nations still look primarily to each other for economic salvation. ~~Is that not going to boomerang against us sooner or later?~~

Bolkestein: In these uncertain economic times, I must indeed be thrifty with my money. Hence, I am looking to what is most important and safest. Yes, that means that the Netherlands takes a more cautious position.

Ambitions

Question: Your personal ambitions, in terms of your political career, seem less modest. You seem to be very actively interested in party politics, even at international liberal congresses.

Bolkestein: Oh well, the office of secretary of state has great advantages. Practically identical working conditions and rewards, especially after taxes, as a minister. But you have a great deal less trouble. Yes, those international liberal contacts. Of course, this is also of some importance in a modest way. And domestically, the party has a right to more input from me. I want to talk more. Within the country.

Question: Are there perhaps things which are not being said within the VVD and which you would like to say?

Bolkestein: I couldn't quickly give you an example of this. But we are living in a society which changes awfully fast. In discussions about this, VVD government officials must also make their contribution within the party.

Question: Or does the VVD shortage still apply as it did at the time of Wiegel: a great deal of political stuntwork, but in terms of content not very profound and little foundation?

Bolkestein: That noise from outsiders has faded since Wiegel has been given the aura of a statesman, since he has distanced himself somewhat...

Question: Aren't Nijpels' hands also filled nearly exclusively with nice political stuntwork with regard to CDA [Christian Democratic Appeal] parliamentary party leader De Vries?

Bolkestein: I wouldn't be able to confirm that. But you really mean that we are less intellectual. Look, the VVD does indeed have a built-in handicap.

Especially in the sixties and seventies, the PvdA could rely very strongly on universities and people from the media who are used to handle ideas. As a result of this, the PvdA received a rather large influx of so-called "new intellectuals." That passed us by. And perhaps this was for the best. We feel that we were proven right anyhow in a large number of developments.

Ran Away

Question: You once voted for the PvdA and ran away from the New Left. How is the PvdA doing now in your opinion?

Bolkestein: As a well-wishing bystander I get the impression that the PvdA is returning to the socio-democratic framework. Again somewhat of the Drees direction. But like a supertanker making a turn. With difficulty. With a great deal of squeaking and groaning. But that is understandable.

Question: At one time, you had two plays in the works. One about the Templars and the papal succession. The other about political terrorism, the Red Army Fraction in the FRG and the Red Brigades in Italy.

Bolkestein: The latter is making pretty good progress. I still have to find a publisher too.

Question: What book are you working on?

Bolkestein: The poems of my former colleague, member of parliament Joeke.

8463

CSO: 3614/29

MINISTER CALLS FOR MERGER OF ELECTRICITY FIRMS

The Hague ANP NEWS BULLETIN in English 24 Jan 84 p 4

[Text] The Hague, 23 Jan--Economics Minister Gijs van Aardenne told the second chamber of parliament today that he was prepared to abandon plans to merge major electricity production companies into a single national concern.

He said small and inefficient producers would have to go and the remaining companies would have to be merged into a maximum of three concerns.

An electricity distributing agency must also be established in each province, operating independently of the producers. The distributors would have to be able to produce electricity on a small scale themselves, and take responsibility for items such as urban heating supplies and natural gas supplies, he added.

The measures were necessary in order to bring electricity prices down to a level which would enable industry to operate on a competitive level with foreign rivals.

Proposals for the necessary legislation would be put forward before the end of the year, in order that the measures could be brought into force in the foreseeable future, he said.

The Netherlands was not able to support the present total of 16 electricity production companies, each with its own management and staff.

Those whose overheads were too far above the norm would have until 1988 to bring them down, or would have to close down, he told MPs.

CSO: 3600/6

LABOR PARTY PAPER CRITICIZES GOVERNMENT'S DRILLING POLICIES

Oslo ARBEIDERBLADET in Norwegian 25 Jan 84 p 4

[Editorial: "On the Wrong Path"]

[Text] The government has acquired an internal manner of working which deviates strongly from what one has become accustomed to at the level of government. Very often when a complicated matter arises the problems are pushed ahead by counting on new reports and by appointing new committees. The reason is easy to see, but this does not make it less serious.

It is especially in the oil and energy sector that recently we have seen the most notable signs of strange handling of affairs. In two important areas--the assignment of rights in the eighth round and expansion of the Mongstad refinery--Cabinet Minister Kåre Kristiansen signaled his ministry's views, but in both cases he was inelegantly brushed aside. The viewpoints did not fit into Prime Minister Kåre Willoch's political idea package.

The question regarding expansion of the Rafinor facility at Mongstad has been through an endless bureaucratic mill. When the oil and energy minister finally gave his promise that the development would take place, it was believed that the reports could be brought to a conclusion and that the political decisions could be made. But, no. Kristiansen's viewpoint did not suit the right wing in the administration. Expansion at Mongstad supplemented the Conservative Party's terrifying visions of what a strong Statoil would mean at risk to the democracy and the people. Therefore, the Mongstad issue landed in the so-called Gøthe Committee, which is to elucidate the problem further. We do not understand what new thing can come out of the evaluations.

The administration is using sheer delaying tactics to prevent Statoil's growth possibilities as long as possible.

As far as the assignment of new rights in the North Sea is concerned, the oil and energy minister had also made his views plain. But what happened? A separate government committee has been set up under the chairmanship of Prime Minister Willoch, which is to evaluate more closely the principles relating to the assignment of rights. This cannot be viewed in any other manner than as a repudiation of the work the cabinet minister and his ministry did.

Normal handling of issues in the government is to take place according to the simple principle that the ministry for the sector does the required report work, the cabinet minister submits a bill to the government for a political position, and the government jointly engages in discussion to reach a united stand.

The time that this pattern is followed appears to be over. And the result will of course be lack of a quorum with major consequences for those who must live with the practical results. This can be seen not least in connection with all the slowness as far as the Mongstad plans are concerned. While Statoil waits and waits, the rest of Europe is constantly developing greater capacity in the refining area and our own oil company will be more poorly equipped for the competition. But this is of course also probably what some parts of the administration rather wish.

8985

CSO: 3639/65

HYDRO FIRM IN WEAKENED POSITION WITH DROP IN OFFSHORE OUTPUT

Oslo AFTENPOSTEN in Norwegian 4 Feb 84 p 5

[Article by Bjørn H. Tretvoll: "Production Decline Weakens Hydro"]

[Text] Norsk Hydro's share of Norway's total oil and gas production can be reduced from the present level of around 10 percent to 5 to 6 percent well into the 1990's, it appears from estimates the company itself has made. The prospects for such a heavy decline in production are the main reason for Hydro's strong reaction to the assignment of new blocks in the eighth rights round.

Larger shares in attractive blocks and more operator's assignments are necessary if Hydro is to play its intended role as one of the central oil sectors, something which there has been broad political agreement on. The authorities must tell whether they want us to be a Saga No 2 or whether we are to get to develop so that we become more equal to Statoil, they say in the company.

The current dissatisfaction is especially associated with the ownership rights distribution in the very attractive 34/7 block, where Hydro, according to what AFTENPOSTEN has learned, applied for a share of 35 percent but got 12 percent. Saga Petroleum became the operator with a 10-percent share.

Hydro wants to discuss the situation with the authorities. But already now the situation is such that the company is stepping down its exploration activities during the spring from three to two drilling platforms. Also, the shares offered in less attractive blocks in the eighth round will be closely evaluated.

The authorities will reject Hydro's claim that the company must be scaled down as an oil company at the expense of foreign companies. The Norwegian share in all blocks in the eighth round can be increased to at least 80 percent if attractive finds are made. This is due to the so-called sliding scale provision which makes it possible to increase the State's share of a field if production exceeds certain limits. If block 34/7 meets expectations, the share of foreign companies will be reduced from 27 percent to 10.8 percent.

But this will not help Hydro. If the sliding scale provision is used also for Norwegian companies, the company's share in this block will be reduced from 12 to 4.8 percent. Hydro will thereby come out clearly poorer than in the especially promising blocks which were assigned earlier, and where Hydro received a share of 9 percent, which cannot be reduced by using the sliding scale.

Operator's Assignments

According to what AFTENPOSTEN understands, there are other Norwegian companies which were major competitors of Hydro as far as the distribution of operator's assignments in the new blocks was concerned. In 34/7 it was chosen to gamble on Saga in cooperation with a foreign company in order thereby to lay the foundation for Saga's development toward becoming a fully qualified oil company. Hydro became the operator in those blocks which the company had given priority to, like numbers 2 and 4. It was first when they came to the block Hydro had in seventh place that the operator's assignment went to a foreign company.

An important factor in this connection is, however, that the authorities, for all blocks in the eighth round, included provisions in the rights terms which make it possible to transfer the operator's role from a foreign company to one of the three established Norwegian oil companies if finds are made which can be developed.

Norsk Hydro was the first Norwegian oil company which speculated all the way when oil operations began in the North Sea. This gave the company shares in early finds like Ekofisk and Frigg, and considerable revenues from these fields. But now production from these fields is decreasing. However, gradually new fields which Hydro is involved in, like Gullfaks, Oseberg, Sleipner and perhaps Troll, will enter production. Nevertheless, Hydro can hardly avoid a decline in its total oil and gas production well into the 1990's.

Sliding Scale Debate

A very important factor in this arithmetic problem is how the authorities will utilize the sliding scale. The three present government parties earlier expressed the fact that this provision should not be exercised for the Norwegian companies. The first test of the government's attitude will be gotten in connection with the handling of the development plans for the Oseberg field during the spring.

But other conditions are also creating uncertainty for Hydro. The sales negotiations for the Sleipner gas have proceeded slowly and a delay for this field cannot be excluded, something which again can result in postponement of Troll's first development phase. To the contrary, work on plans for speeding up the second development phase in Gullfaks will be carried out.

Hydro is of course occupied with obtaining as big profits as possible from oil operations. The development of an extensive organization which will be

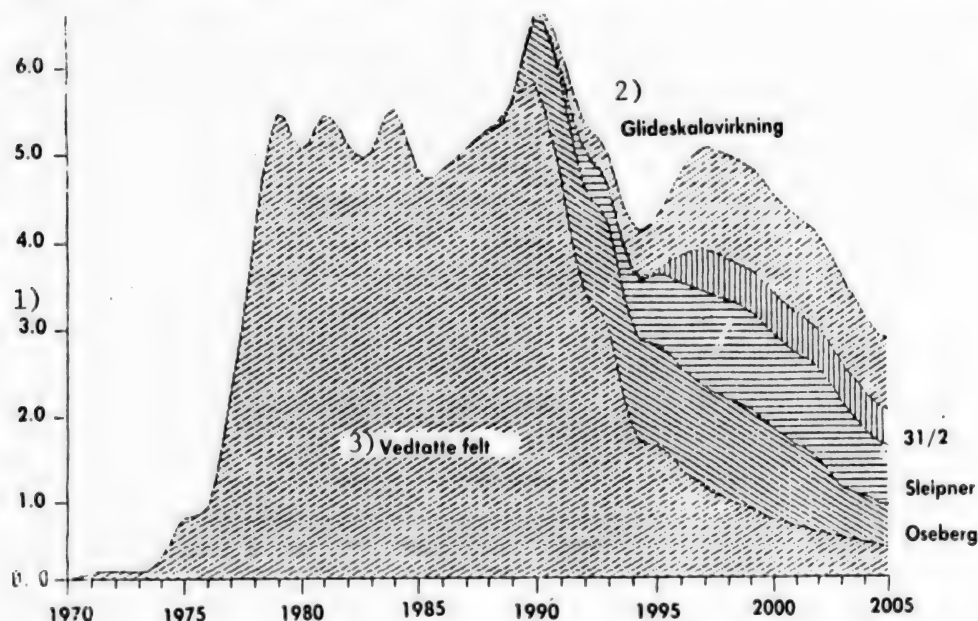
able to take care of development tasks on the Norwegian shelf, development of research activity and the accomplishment of major exploration programs require a certain profit basis. In the area of exploration alone Hydro has used since the start about 4 billion kroner.

New Rounds Concerning 34/8

The company's strong reactions to the assignment in the eighth round, however, came as somewhat of a surprise in the Norwegian oil sector. They came at a time when there were poor opportunities to make important changes. Therefore, many see these reactions as a link in the coming tug-of-war regarding the use of the sliding scale provisions for Norwegian companies and regarding the operator's assignment for the next attractive North Sea block, block 34/8, which is to be announced in the ninth or 10th rights round.

The strong reactions this time are due to be sure also to the fact that Hydro in earlier assignments thinks that reasonable claims on the part of the company were ignored. Against the background of the organization which has been developed and the amounts which have been gambled, the relationship between the shares Hydro and Saga have received in blocks with "all-Norwegian" solutions in any case do not imply any bad deal for Hydro.

But the development in Hydro's production is not just dependent on the authorities' initiatives. The company's assignment of priorities and choices can also have an influence. Hydro, for example, would have been in a different situation today if the company had not found it necessary to say no thanks to a share in the two Statfjord blocks.



Development of Hydro's Production from Accepted Fields and Fields Ready for Development

[Continuation and key on following page]

Use of the sliding scale rule will reduce production further. The sudden drop in gas production from the Frigg field is the main reason for the decline in production in the 1990's. Source of figure-- Norsk Hydro.

Key:

- | | |
|-------------------------|--------------------|
| 1. Million TOE | 3. Accepted fields |
| 2. Sliding scale effect | |

Hydro has without doubt an important role to play in the Norwegian oil business in the years to come. But the problems which the company is expected to solve from political quarters require that the company is ensured via block assignments a reasonable profit basis. On its part, Hydro must accept the fact that the assessment of what is a reasonable profit basis cannot be left to the company alone. The authorities must try to find a longterm balance between the profits the oil companies require in order to be able to carry out their tasks, and the desire to ensure as large oil revenues as possible for the community.

8985

CSO: 3639/65

SPECULATION ON GAS-FOR-ARMS DEAL WITH ALGERIA

Madrid DIARIO 16 in Spanish 26 Jan 84 p 7

[Article by Pedro Canales]

[Text] Algiers--"The negotiations between Spain and Algeria on the gas question are being solved." This is an ambiguous statement, which when uttered by an Algerian expert means that the so-called contention over gas no longer exists, but only a problem which both governments are interested in solving.

The understanding has made progress on the political level although it is still a puzzle, if not an adventure, on the technical level. The numbers are compelling.

Compensation for Investments

"The contract signed by the previous government is simply insane," a Spanish diplomat confided to us "and our Algerian interlocutors know it very well."

The difficulties were greatest on the question of the price for the gas and the compensation Algeria is requesting as a counterpart to the large investments made in gas-liquefaction installations.

Algeria began a campaign to raise the price of gas 4 years ago and wishes to increase the price of 1 million BTUs (British Thermal Units) from \$2 to \$6. One million BTUs is equivalent to 293 kilowatt hours or 28.3 cubic meters. Italy has agreed to a political price of \$4.41, of which 53 cents represents a subsidy paid by the state. In fact, the 1983 market price was \$3.88 per million BTUs.

The Spanish side insists on bringing the contract price into line with the real market price, while the other side holds fast to the political price paid by its French and Italian customers, which it considers the real price. A compromise might yet be reached, as DIARIO 16 was able to learn. The latest Spanish proposal includes the possibility of a price adjustment after an interval of from 3 to 4 years considered as a period of transition.

Since the contention was in such a state only two options were left: either to definitively terminate the contract, with the consequent lawsuit in the international courts, or to leave the technical aspects to one side and deal with the matter in political terms.

Profitability

The first solution has never been completely discarded. "Even considering the risk that all our contracts in Algeria may be rescinded, in strictly economic terms we would be money ahead by breaking off negotiations," an expert in the field confessed to DIARIO 16.

From the beginning, those who thought it necessary to find a political solution to the contention strongly opposed this drastic solution. Vice chairman Alfonso Guerra, during his visit to Algiers, offered guarantees to his conversation partners that henceforth the subject would be discussed on a political basis. However, in spite of his promise the following months showed no results and the Algerian side finally lost patience.

After the Fifth Congress of the FLN [National Liberation Front], the only Algerian party, which confirmed the minister of energy in his post and ratified the gas policy followed up to that time, Algiers advised the Moncloa that it would no longer accept technical discussions and that the subject should be definitively resolved on the political level. This was the reason for Fernando Moran's trip to the North African capital.

The other side of the coin in all this matter is the benefits that Spain could achieve. A political settlement of the question would mean a sensible rapprochement of the two governments. It would tip the center of gravity of Spanish foreign policy toward the side of the Third World, Africa and the non-aligned. It would be the triumph of the Guerra-Moran line, which, let it be said in passing, enjoys the manifest friendship of the Algerian media.

Pragmatism

However, there is a less rhetorical and more pragmatic aspect that offers Spain a concrete interest: the sale of arms to Algeria.

It is known that Algeria has decided to diversify its suppliers, monopolized up to now by the Soviet Union which has controlled 90 percent of the market. For 2 years military delegations and representatives of arms manufacturers from Great Britain, France, Italy, Austria, China, Japan, Switzerland, Egypt and other countries have been following each other to Algeria. Spain has been absent up to now. At no time has Algeria insinuated that it would be possible to pay for the gas with arms, at least in the official discussions. However, it is obvious to any one acquainted with Algerian diplomacy: "It is inexplicable that up to now the Algerians have not approached us for the purchase of arms," one of our military experts declared to DIARIO 16. "It is all the more inexplicable when most of the military materiel that country is interested in is now being produced in Spain or will be in the near future and furthermore at a more competitive price than in France or Great Britain, for example." And our source cited to us the example of the Hawk, a British combat and training plane in which Algeria is frankly interested, when Spain manufactures the Casa 101, with the same characteristics but cheaper.

The same thing occurred with armored materiel, naval materiel and other semi-heavy weapons. "Not only does Spain produce all this, but we are also in a position to guarantee transfer of technology, which has the Algerians so worried."

From this perspective the technical stubbornness of those who see in the gas contract nothing more than its figures is even less reasonable. Algeria continues to seek assured partners in order to set up its own arms industry. Up to now no one has carried off the final contracts. And if Spain doesn't hurry it will get to the appointment late.

Algeria wishes to set up its own production of medium-caliber weapons (12.7 and 23 mm), 82 mm mortars, 60 mm and 82 mm mortar shells, antitank rockets and rocket launchers, armored vehicles, light all-terrain vehicles, optical and electronic materiel with its own research centers and in the near future heavy materiel and warplanes.

The substantial contracts under discussion amount to millions of dollars. This alone is enough to explain the political prices paid for the gas by Paris and Rome, who have clearly seen that Algeria is the power of the future in North Africa.

12116

CSO: 3458/174

COMMITTEE URGES REDUCTION OF SULPHUR POLLUTION OF AIR

Would Aid Other Countries

Copenhagen AKTUELT in Danish 28 Jan 84 p 7

[Article by Carl-Johan Rosenberg]

[Text] Denmark will reduce its contribution to the sulphur pollution of Europe by 30 percent in that the maximum sulphur dioxide escapes by 1995 will amount to a maximum of 300,000 tons as against 440,000 tons in 1980. The goal will be reached through more stringent requirements in respect of the sulphur content in fuel oil and lightweight fuel oil and by the gradual introduction of desulphurization of the chimney fumes of power plants.

The whole thing may be accomplished for 3-4 billion kroner and will only cause power rates to increase by 1.3 øre per kilowatt-hour. To the ordinary consumer, the electricity bill will increase by approximately 50 kroner annually.

The above is a brief summary of the long awaited report from the desulphurization committee. The committee was set up by the former minister of environment, Erik Holst, in the summer of 1982 when the attention had really focused on acid rain.

The recommendations of the committee have good chances of being carried through since all of the parties represented, including the power plants, with the exception of one single party, are agreed on the objectives and the measures to be employed. Only the Federation of Danish Industries makes reservations. With reference to the adverse effect it might have on the competitiveness, the Federation of Danish Industries opposes the proposed reduction of the sulphur content in fuel oils from 2.5 to 1.5 percent. With the present prices, the requirement will cause an increase in the cost of fuel oils by 3-5 percent.

The power plants will be reducing their pollution so that Denmark's total sulphur pollution will not exceed 300,000 tons. The power plants have expressed the desire to find out for themselves how to bring about such a reduction. In other words, all newly built power plants will not be provided with costly desulphurization plants, as was, for example, decided in West Germany.

The committee recommends, however, that the planning of two major desulphurization plants to commence operation in 1990 be started immediately. One in the west-Danish area of ELSAM [Organization for Coordination of Electric Power in Jutland and Funen] and one in the east-Danish area of EL-KRAFT.

Desulphurization plants give a new environmental problem, viz. a waste product with a high sulphur content which will have to be disposed of in some way or other. The committee stresses that a solution to these problems of disposal will have to be required, and that solutions will also have to be found for the disposal of the fly ash from power plants which cannot be used otherwise. On this point, the report, however, is extremely vague in that it only gives a list of preferred forms of disposal but does not incideate any specific locations. The reason is no doubt that all municipalities have refused to become the dumps of power plants.

Deputy Director of the Environmental Protection Agency. Jørgen Henningsen, who is chairman of the acid committee, says that the efforts on the part of Denmark to a large extent are made out of regard for Sweden and Norway which get a large part of the Danish pollution.

"We do not consider ourselves to be particularly self-righteous, but I do believe that our proposals are among the most concise proposals hitherto seen in Europe. By placing ourselves first in the field, we hope, of course, to be able to induce other countries to do the same thing," Jørgen Henningsen says.

Paper Comments on Proposals

Copenhagen INFORMATION in Danish 30 Jan 84 p 10

[Editorial: "Work Ordered"]

[Text] "The acid committee of the Environmental Protection Agency has now established that, on the whole, sulphur compounds in the air have no harmful effects on the Danish environment," says the chairman of the Association of Danish Power Plants, Jacob L. Hansen, county council member.

The so-called acid committee under the Environmental Protection Agency has submitted its report. The committee, which has consulted 250 experts and has been working since June of 1982, recommends that the sulphur dioxide pollution be reduced by 30 percent. This must be done in the course of the next 12 years, the committee recommends, pointing to two ways: the limit to sulphur content be reduced from 0.5 to 0.3 percent in lightweight fuel oil and from 2.5 to 1.5 percent in fuel oil. Sulphur dioxide in the oil represents half of the sulphur pollution. The remainder comes from power stations, and the acid committee recommends that these use "to the greatest possible extent" coal with a low sulphur content (coal with the lowest sulphur content comes from South Africa). As far as power plants are concerned, the committee furthermore proposes that they "take the initiative

to desulphurize their smoke." Unfortunately, desulphurization at power plants presents another pollution problem, viz. desulphurization products which they still do not know what to do about. This problem will have to be looked into, the committee says. It finally proposes that two power plants, one within the ELSAM region and the other one within the El-Kraft region, "at some later point" install desulphurization plants.

The chairman of the Association of Danish Power Plants, Jacob L. Hansen, can hardly be blamed that, almost before the committee had published its report, he jubilantly issued a press release which started with the quotation rendered at the top of this article.

The Association of Power Plants gives its reasons for supporting the report quite frankly: It is true that the report states that "the initiative must be taken to construct desulphurization plants at the power plants," but "it is important, however, to ensure that the residual products from the desulphurization plants may be stored or reused." The way the Association of Danish Power Plants reads the report, the problems of storage will, indeed, have "to be completely clarified before orders are placed for the first desulphurization plants."

Jacob L. Hansen may thus safely say that "he is convinced that the power plant boards will take a positive view of the report from the acid committee."

The eight representatives of power plants within the committee, which had 23 members, have done a fine job: First, it is only a question of a recommendation from the committee to the minister of environment, second, the requirements made of the power plants by the committee are so vague that they can actually decide themselves how and whether they want to comply with them, third, the target has been placed so far into the future that the commitment becomes fairly immaterial, and, fourth--and this is the central issue, from the point of view of the power plants--it is up to ELSAM and Elkraft themselves to evaluate how to observe the sulphur pollution limit which the committee proposes shall apply as of 1995. It is planned to reduce the total amount of sulphur pollution which amounted to 440,000 tons in 1980, to 300,000 tons annually by 1995.

The report of the acid committee thus fits entirely in with the argumentation on the part of the power plants that nuclear power, for example, ought to be introduced because it is a "clean" energy source. It gives no sulphur pollution. Oddly enough, the first plants may just manage to be ready by 1995 if, within the near future, the Folketing passes a resolution to this effect.

Therefore, even if the Federation of Danish Industries is justly dissatisfied with the imposition of strict limits for its release of sulphur through the use of heavy fuel oils, while the power plants are allowed to use their own discretion in the protection of the environment, there is a certain amount of logic in the energy policy of the report.

Actually, the committee does not conceal it: "To us, the most important thing has been to reduce the annual sulphur dioxide pollution by 30 percent--

from 440,000 tons annually in 1980 to approximately 300,000 tons by 1995. We have not considered it our task to state which power plants will have to be provided with desulphurization plants," Per Suhr, senior engineer of the Environmental Protection Agency, stated at the publication of the report. He did not explain why the committee, on the other hand, considered it its business to recommend specific limits to the sulphur content in oil? It would, indeed, have been logical if corresponding limits had been recommended for the sulphur content in coal.

However, the Environmental Protection Agency apparently is aware of the fact that the report, to an alarming extent, reflects the intention to include it in the upcoming debate on nuclear power. At any rate, Deputy Director Jørgen Henningsen, who was chairman of the committee, has his explanation ready: "It would be practically impossible from an administrative point of view to tighten the requirements of the individual power station. We do not want either to be in charge of the control rooms of the power plants or to be told each time something goes wrong at the power stations that it is because of the Environmental Protection Agency."

Most people who have seen how the Environmental Protection Agency "checks" compliance with the legislation concerning the environment, understand this. Therefore, the easiest thing is, no doubt, to have no regulations at all, even if the viewpoint expressed by Jørgen Henningsen has interesting perspectives.

Minister of Environment Chr. Christensen has announced that the report of the acid committee will be incorporated in the debate in the Folketing as to whether Denmark will have nuclear power. We are now anxiously awaiting the two other reports on storage of radioactive waste and safety at nuclear power plants.

These reports have also been ordered from the Environmental Protection Agency.

7262
CSO: 3613/92

GOVERNMENT CRITICIZED FOR LAX ANTI-POLLUTION POLICY

Political Parties' Attack

Athens I KATHIMERINI in Greek 4 Jan 84 pp 1, 3

[Text] The government, in its third year in office, is showing itself incapable of coping with pollution in either the long- or short-term, and is satisfied with hastily improvised and ineffective measures which are causing the Athenians hardships. The ND, KODISO [Democratic Socialism Party], and KKE-Interior are voicing, with their harsh communiques, this finding of the 4 million inhabitants of the Athens area who were surprised by and are being harassed by the "emergency" government measures. What the three parties have indicated in common is that: a) The government does not have a long-term program for coping with pollution. b) The situation with respect to atmospheric pollution has clearly been made worse under the PASOK government. This last finding, exactly because it is shared by the very last citizen, is seriously engaging the government which, however, has hastened to issue the... standardized communique that the emergency measures have been profitable and that thanks to them the government is holding the line on pollution.

The official opposition is employing particularly harsh criticism in indicating that the government not only in the long-term cannot cope with pollution, but it is also making the situation worse by allowing the Keratsini power plant to operate, which is known to cause half of the total atmospheric pollution. KODISO in addition charges the government with mocking the trust of the people, while the KKE-Interior accuses PASOK of not having the political will to confront pollution.

ND Communique

The following communique was issued by the ND:

"The ND accuses the government of inexcusable negligence because, while the concentration of pollution in the capital basin was foreseeably heavy many days in advance, the government was completely indifferent and did not take all indicated measures in a timely and progressive fashion.

"The forecast was possible because the meteorological conditions prevailing for many days, which moreover were usual in this period of halcyon days, predicted this concentration of pollution.

"Not only, however, did it not take measures in a timely and progressive fashion, but it also continued operating the thermoelectric plant at Keratsini, which is known to produce about half of the pollution of all the industries in the region.

"On 3 January 1984 when, thanks to government indifference, the state of atmospheric pollution reached a critical point, panic-stricken the government proceeded to take hastily improvised and harsh measures which caused a great disturbance to the social and economic life of the capital.

"PASOK has been in power for 26 months. As the opposition, when accusing the ND it had promised that within its first 100 days it would put into operation such measures as part of a program that they would solve the problem of pollution. Not only, however, did this not take place, but it was entirely indifferent, with the result that the situation appears continually worse.

"Unfortunately also in the case of pollution, PASOK has proved that it uses its 'political will' for big-mouthed proclamations and not for practical measures for facing critical problems such as pollution."

Without a Program and Design

KODISO, which issued the following communique on 3 January 1984, is employing harsh and detailed criticism of the government policy on pollution:

"Two years after PASOK assumed power, the problem of pollution is not only not improved but, on the contrary, it is being made worse. The questionable measures which PASOK has taken without a program and design--a ring, reduction in production, and so forth--caused hardship to the Athenians as their only result.

"The government should have taken the following measures:

"1) Control of smokestacks and automobile exhaust, starting of course with the public ones.

"2) Immediate improvement of fuel (reduction of lead in gasoline and of sulphur in crude oil).

"3) Substantial incentives for distancing industry from the Athens basin.

"4) Measures for the immediate improvement of public transport and the flow of traffic.

"5) Reforestation of every unbuilt land surface in the basin.

"Instead of this the government is mocking the trust of the people who elected it by giving its attention to the daily alchemy of the rates of pollution and to the ring. A program concerning pollution does not appear to have ever existed. Pollution is no longer a subject for proclamations, it is a reality which the whole Athenian populace is conscious of. Pollution, unfortunately for PASOK, can neither be reconstructed nor made obsolete.

"How long does the government think that the capital can wait? People are urgently demanding immediate measures, aiming for results not a scientific appearance made possible through word magic."

The KKE-Interior

The KKE-Interior is employing similar criticism. The environmental committee of the KKE-Interior KE [Central Committee] issued the following communique on 3 January 1984:

"After more than two years of successive announcements and proclamations by the government, the people of the basin find themselves tragically unprotected at the manifestation of a prolonged absence of wind in our region. The government progressed to emergency restrictions. This because two years have passed without any measures being taken to restrict emissions and reduce pollution.

"On the contrary, pollution increased, controls on it decreased, and the problem's definitive solution was postponed to the second 5-year plan. At this point one should ask himself if there is a political wish to abandon pollution, in other words to abandon the effort to remove pollution from the basin's atmosphere.

"At last it will have to be clarified who these authorities are who are blocking the following:

"Installation of filters on factories.

"Change of fuel in public means of transportation.

"Construction works to facilitate the movement of traffic, especially the creation of 'bus streets.'

"Development of the famous '14 studies' on pollution.

"Application of 'existing laws' for controlling emissions in industry and in vehicles.

"Creation of a unified environmental entity.

"Passing the law for protecting the environment instead of permitting 'development' laws to pass 'in one night' such as 1360/83, which facilitates the unrestricted establishment of industries.

"The absolute inertia of the government in this sector can be explained only by the united action of forces which either do not want or are not in a position to advance to practical and immediate measures.

"These forces must be thrust aside because they are committing a lasting crime against the health and quality of life of the Greek people.

"The government must be appointed in practice according to how much importance it attaches to these things. Every piece of negligence is not only to its detriment, but is also at the expense of the Greek people."

Government Statement

A little before midnight on 3 January 1984, the government answered the ND, unaware of the identical KODISO and KKE-Interior criticisms, with the following statement by the government representative:

"The ND is possessed by illusions. It appears that it has forgotten to which city, to which inhabitants it is addressing itself. The ND, a moral and unvarnished perpetrator of Athens' atmospheric pollution, but also of so many other evils for the sorely-tried city, is accusing those who with toil and struggle are trying step-by-step to rescue the capital of Greece from the grave and nightmarish inheritance which the governments of the Right have left us. The only thing which someone in the ND could say is that it errs, and errs fatally, when it underestimates the intelligence and memory of the 4 million inhabitants of this city."

Environment Minister's Response

Athens I KATHIMERINI in Greek 5 Jan 84 p 1

[Text] With Mr Tritsis' allegation that "the people of October 1981 have dispelled the political cloud"...the intense dialogue between government and official opposition was continued on 4 January 1984, since the real pollution [pun on "cloud"] remains, whose dispersal the government connects not to political "Change" but to the change...in the weather. The ND, returning on 4 January to the subject of pollution, charged the government with speaking irresponsibly and called upon it to immediately stop operating the DEI [Public Power Corporation] power plant at Keratsini, which has been worsening the capital area's pollution these last days to such a degree that the "emergency measures" were imposed (they ended today, 5 January, at 5 am) which have plagued the Athenians for 2 days. In the meantime, Environment Minister Ant. Tritsis, in his very long statements on 4 January 1984, answers the criticisms which the ND, KODISO, and KKE-Interior expressed on 3 January. As is observed, Mr Tritsis on the one hand does not put forward even the subject of operating the Keratsini unit, on the other hand he acknowledges indirectly that no concrete government program exists, giving an assurance

that: An institutional law is about to be introduced on the environment and on the creation of an environmental entity....

In the meantime the YKhOP [Ministry of Physical Planning, Housing, and Environment], independently of the end of the emergency measures (for cars on 4 January 1984 at 4 pm and for industry and central heating on 5 January at 5 am), issued a communique with which:

It asserts that, thanks to the measures, on 4 January "a larger reduction in pollution rates was confirmed, especially in smoke and carbon monoxide," and emphasizes:

"Despite the fact that the emergency measures are ending, the public is especially requested to curtail its movements by car on 5 January during the afternoon and evening hours along with the morning hours on 6 January. In addition, apartment building managers are requested to restrict the use of central heating systems as much as possible, while industries and crafts are requested to restrict the activities which cause atmospheric pollution."

The New Democracy Party

The ND, in answer to the government representative's statement on 3 January, in which the government ascribed responsibility to the ND for the pollution, issued the following communique on 4 January:

"The government policy up to now is not only to poison democracy. It is also poisoning the health of the Greek people by opening the Keratsini plant, which is the principal source of the worst kind of atmospheric pollution.

"The government, therefore, instead of occupying itself with talk about unaccountability, ought to close the Keratsini power plant at once.

"As for the rest, the government representative knows that PASOK's bad piece of work is in devaluing both the drachma and the intelligence of the Greek people."

Mr Ant Tritsis

In answer to the criticisms which the ND, KODISO, and KKE-Interior expressed on 3 January, KhOP [Physical Planning, Housing, and Environment] Minister Ant. Tritsis stated the following on 4 January:

"On 15 January 1982 the government announced an integrated program for systematically fighting the atmospheric pollution of Athens at its sources. This program is being strictly applied on the basis of a clear schedule, which is widely known.

"Features mentioned:

"Fuel: Fuel has been improved (crude oil and diesel), which has curtailed pollution from sulphur dioxide (which harms marble, grass, and so forth) by

36 percent, or 5,500 tons per year. Gasoline has also been improved, which has reduced lead emissions into the atmosphere (which harms human health) by 49 percent, or 100 tons per year.

'Methods for Fighting Against Pollution'

"Industry: It is already burning improved fuel. The registration and study of all industries which pollute has been almost completed and their operating conditions are being decided. The enforcement of methods for fighting against pollution has already begun (smokestacks, filters, and so forth). For the first time there is a systematic observation of industry by groups of environmental control specialists. With the revision of PD [Presidential Decree] 791/77, the industrial regions of Attiki have been reduced by 2,500 acres.

"Central Heating: They are burning improved fuel. For the first time there is systematic inspection and maintenance after the public was widely informed.

"Automobiles: The first Center of Technical Inspection for automobiles has already been built and is operating, and the construction of the remaining ones is underway in accordance with the schedule. The bus fleet has been renovated to a large degree and the number of trolleys has increased.

"Strict specifications have been imposed for new imported automobiles in order to reduce exhaust emissions.

"Starting 1 November 1983 the special annual campaign for the "War on Smoke and Dust" began together with the Local Administration, Technical Chamber of Greece, and Union of Greek Chemists.

"Beyond the struggle to copewith pollution sources, the proceedings for the Plan for Regulating Athens have been completed with unprecedented participation in the hearings in Greece and authoritative international contributions, and the plan is at the legislation stage.

"In addition, both the institutional law on the environment and the creation of the Unified Environmental Entity have been completed, and will soon be introduced into the Chamber of Deputies.

"It is clear in every policy that for the first time a program for qualitatively improving life in the capital exists and is being applied, covering all the sectors of town planning, infringements on the rights of others, atmospheric pollution, and is indeed a program with hearings having broad participation, a program which has attracted the interest of international public opinion and about which all political parties have been kept systematically informed.

"It is tragic that the ND in particular--which took Athens to the edge of catastrophe with its policy for an entire 10 years--is not in a position to undertake the plan of saving Athens, which the people themselves are supporting with their impressive response and participation.

"It is also distressing for the ND to try to disorient the people with the pretext of the imposition of the emergency measures during the past 48 hours. These measures are within the application of law 1327/83, which the ND itself voted for in the Chamber of Deputies, and the measures sought, as everyone knows, not to eliminate the problem but to cope with the peaks of pollution which the particular meteorological conditions of the basin create. It is certainly distressing for the ND that these measures noted an impressive success in controlling the pollution despite the fact that adverse conditions continued.

"It is time for the ND to understand that the people of October 1983 have dispelled once and for all the political cloud and have opened the road only for responsible political practice."

The ND's Response

In answer to Mr Tritsis' statements, the ND in its communique on 4 January emphasizes:

"The minister responsible for physical planning ought to be apologizing for the pollution. He cannot, however, apologize with a program which is fictional.

"The lack of regular measures has made the PASOK government a government of emergency measures. The results of the unprecedented pollution speak for themselves.

"It is obvious that the Greek people are living with the pollution ['cloud'] while the minister of physical planning is continuing, unfortunately, to live in the clouds."

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DATE FILMED

9 March 1984